

STATE OF WASHINGTON

# Voters Pamphlet

General Election • November 5, 2002

TAKE PRIDE  
IN AMERICA



AND VOTE

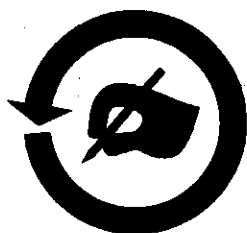
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*Washington*  
Secretary of State





# INITIATIVE MEASURE 776

PROPOSED TO THE PEOPLE

## Official Ballot Title

Initiative Measure No. 776 concerns state and local government charges on motor vehicles. This measure would require license tab fees to be \$30 per year for motor vehicles, including light trucks. Certain local-option vehicle excise taxes and fees used for roads and transit would be repealed.

Should this measure be enacted into law?

Yes [ ] No [ ]

**Note:** The ballot title and explanatory statement were written by the Attorney General as required by law. The Fiscal Impact Statement, written by the Office of Financial Management, appears on page 22. The complete text of Initiative Measure 776 begins on page 24.

### Statement For

**IF POLITICIANS HAD ONE OUNCE OF COMPASSION  
FOR THE AVERAGE TAXPAYER,  
I-776 WOULDN'T BE NECESSARY**

Washington is the 2<sup>nd</sup> highest taxed state in the nation ([www.taxfoundation.org](http://www.taxfoundation.org)) — I-776 keeps us from hitting #1. I-776 offers \$30 tabs on your car, truck, motorcycle, motorhome, and other vehicles. Working class folks, not just rich people, should be able to afford a newer vehicle. \$30 is reasonable.

**WHEN POLITICAL JUDGES VETOED VOTER-  
APPROVED I-695, POLITICIANS FRANTICALLY  
EMBRACED \$30 TABS DURING THAT ELECTION YEAR**

Gary Locke said, "Despite the court's ruling, we have no intention of returning to the old system of high license tab fees. \$30 license tabs are here to stay." I-776 helps politicians keep their promises. Passing I-776 also sends politicians a message: get voter approval before increasing taxes and fees, especially regarding transportation. Leadership involves listening. Taxpayers want their voices heard. With voter approval, politicians must convince us current revenues are being spent as effectively as possible before we *ok* more — that's accountability.

**I-776 ENSURES LONG-OVERDUE REVOTE ON  
LIGHT RAIL — 68% OF KING COUNTY VOTERS  
WANT A REVOTE**

By requiring "\$30 Tabs for Everyone," I-776 brings accountability to light rail by ensuring a long-overdue revote. I-776 repeals car taxes which provide 20% of their funding, ensuring a revote on light rail. Light rail today is radically different than what was promised in 1996. So we're entitled to a revote. Once I-776 passes, taxpayers want a stand-alone tax increase proposal (*not* hidden in the regional package) put before Puget Sound voters to decide on light rail.

**WASHINGTON IS THE 2<sup>ND</sup> HIGHEST TAXED STATE  
IN THE NATION, SO THE PROBLEM ISN'T  
LACK-OF-TAXES**

Voters have been clear: \$30 tabs and voter approval for tax and fee increases. I-776 sends that message again. Anything but an overwhelming "Yes" for I-776 will be seen by politicians as an endorsement of higher taxes. I-776 helps everyone — vote "Yes."

Address: "\$30 Tabs for Everyone" I-776, PO Box 6131, Kennewick, WA 99336 Contact phone: 425.493.8707 Website: [www.i-776.com](http://www.i-776.com).

I-776 co-sponsors: Monte Benham, Jack Fagan, Mike Fagan, Tim Eyman.

### Rebuttal of Statement Against

Washington ranks 2<sup>nd</sup> in overall taxation. Our opponents' response? Threats, lies, and scare tactics. Voters are too smart for that. Voters want \$30 tabs for everyone. Voters want a revote on light rail. The only way we'll get these policies is by approving I-776. Let's not go back to outrageously expensive tab fees. Let's ensure accountability by ensuring a revote on light rail. Politicians will *never* limit excessive taxation — send a message by voting "Yes."

### Voters Pamphlet Argument Prepared by:

MONTE BENHAM, retired engineer, Kennewick; JACK FAGAN, retired policeman / Navy, Spokane; MIKE FAGAN, small businessman, community leader, Spokane; TIM EYMAN, taxpayer advocate, Yakima born, WAZZU grad, Mukilteo resident; ERMA TURNER, owner of beauty shop, got 1400 signatures, Cle Elum; BOB HENKEL, retired teacher, father/grandfather, got 4500 signatures, Tacoma.

# Explanatory Statement

## The law as it presently exists:

In 2000, a law was enacted setting state vehicle license tab fees at \$30 each year for most vehicles, including cars, sport utility vehicles, motorcycles, and motor homes. Trucks and buses are subject to licensing fees according to the gross weight of the vehicle. Under current law, these fees vary from \$37 per year for trucks and buses with a gross weight of 4,000 to 6,000 pounds, to \$2,883 per year for trucks and buses weighing more than 105,500 pounds. Trucks over 42,000 pounds that carry trailers and are not used exclusively for hauling logs pay higher fees, with a maximum of \$2,973 for vehicles weighing more than 105,500 pounds.

Another law, RCW 81.104.160, permits cities that operate transit systems, county transportation authorities, metropolitan municipal corporations, public transportation ben-

efit areas, and regional transit authorities to submit to their voters a proposition to collect an excise tax on the value of motor vehicles. If the voters in the affected area approve the proposition, this tax may be imposed at the rate approved by the voters, but not for more than .8% (80 one-hundredths of one percent) of the value of the vehicle. This tax must be used solely for the purpose of high-capacity transportation services.

Another law, RCW 82.80.020, permits counties and certain cities and towns to impose a license fee of up to \$15 per vehicle registered in the county. A city or town may impose this fee only after approval by the voters. This fee must be used for transportation purposes.

Existing law authorizes collection of application fees upon the registration or renewed registration of a motor vehicle, over and above the basic license tab fee. Additional fees may apply in various circumstances, such as purchase of a specialized or personalized license plate, registering a

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## Statement Against

### I-776 ALLOWS THE STATE TO REVERSE LOCAL ELECTIONS AND VOTER DECISIONS

I-776 seeks to eliminate locally approved transportation funding with a statewide vote. In King, Pierce, Snohomish, and Douglas counties, voters and elected officials have chosen to increase their car tabs to fund critical transportation investments. I-776 allows voters statewide to overturn those decisions. It allows Seattle residents to overturn decisions made in Douglas County. It allows Spokane residents to overturn decisions made by voters in Pierce County.

Voters who pay a local tax and use the improvements should be the ones who decide.

Overturning the results of local elections is unfair and undermines democracy.

*If you support local decision-making, vote no on I-776.*

### I-776 WILL DRAMATICALLY INCREASE THE NUMBER OF CARS ON THE ROAD

I-776 will increase the number of cars on the road by taking away existing express bus and commuter rail service. It will also cut investments in park and rides, HOV ramps, and light rail.

I-776 will eliminate \$700 million in local, voter-approved funding for public transportation. These funds pay for *Express* buses that carry 6 million riders per year. They pay for *Sounder* commuter rail that carries 562,000 passengers per year. They will pay for *Link* light rail that is expected to carry 12.9 million riders per year. We cannot afford to force all those transit riders back into cars. It will make traffic even worse.

*If you support transportation choices, vote no on I-776.*

### I-776 WILL REDUCE INVESTMENTS IN ROAD SAFETY AND MAINTENANCE

I-776 will eliminate \$380 million in funding used to maintain and improve local roads in King, Snohomish, Pierce, and Douglas counties.

*If you support safe, well-maintained roads, vote no on I-776.*

### I-776 IS OPPOSED BY A BROAD COALITION OF BUSINESS, LABOR, ENVIRONMENTAL, AND CIVIC GROUPS

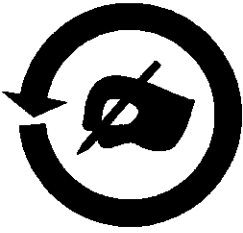
## Rebuttal of Statement For

Under existing state law car tabs cannot exceed \$30 unless approved by local voters and local elected officials. These specified increases are dedicated to improving transportation choices or local road and safety projects. I-776 slashes voter-approved funding for buses, local commuter rail and light rail.

Defend the right of local voters to make their own decisions about local taxes. Fight traffic. Support safer roads. Vote No on I-776.

### Voters Pamphlet Argument Prepared by:

DAN EVANS, (R), former Washington State Governor and U.S. Senator; BOB WATT, Vice President, Commercial Airplanes, The Boeing Company; RICK BENDER, President, Washington State Labor Council; JUDY HEDDEN, President, League of Women Voters of Washington; JEFF PARSONS, Audubon Society of Washington; JIM ELLIS, civic leader.



# INITIATIVE MEASURE 790

**PROPOSED TO THE PEOPLE**

## Official Ballot Title

Initiative Measure No. 790 concerns law enforcement officers' and fire fighters' retirement system, plan 2. This measure would place management of the law enforcement officers' and fire fighters' retirement system, plan 2, in a board of trustees consisting of six plan participants, three employer representatives, and two legislators.

Should this measure be enacted into law?

Yes [ ] No [ ]

**Note:** The ballot title and explanatory statement were written by the Attorney General as required by law. The Fiscal Impact Statement, written by the Office of Financial Management, appears on page 22. The complete text of Initiative Measure 790 begins on page 27.

### Statement For

I-790 is about fairness for 13,000 Washington Police, Fire Fighters and our families. I-790 finally gives our men and women a voice in our own retirement system.

#### IT'S ONLY FAIR TO GIVE US A VOICE!

Currently Police and Fire Fighters have no say in contribution or benefit decisions, even though we pay half the costs from our paychecks. 46 other states give Police and Fire Fighters representation in governing their retirement systems. Washington does not. Instead, a committee of 16 State Legislators controls the retirement plan.

I-790 establishes a new Board of Trustees. Appointed by the Governor, the Board includes Police, Fire Fighters, employers and legislators. All administrative costs for the new Board are paid out of our pension funds, at no public cost.

#### THE LEGISLATURE STILL HAS THE FINAL SAY!

Under I-790 any recommendations by the new Board increasing contributions or benefits can be denied by the Legislature, giving the Legislature the final say. This protects both taxpayers and pension members.

#### I-790 PROHIBITS RAIDS ON PENSION FUNDS

In 2000 legislators tried to raid our Police and Fire Fighters retirement fund surpluses for other budget items. I-790 prohibits them from trying it again. Our retirement funds should be used for benefits — not budget bailouts.

#### NO ADDITIONAL COST TO TAXPAYERS— \$0 DOLLAR INCREASE

Some claim I-790 will cost taxpayers. Please, read the Initiative. I-790 does not automatically increase benefits, and all new administrative expenses come from the plan's fund. The Legislature has the final say on any increases.

I-790 helps us protect our families while we protect yours. Please give us a voice and your yes vote on I-790. Thank you.

### Rebuttal of Statement Against

Opponents are fabricating costs for I-790. These are the same politically motivated attacks we have been struggling against for 25 years with these politicians and bureaucrats.

We're only asking for a voice in our retirement.

I-790 *does not* take money from the state; it only keeps the bureaucrats from robbing us of our retirement fund.

The new board *can't* increase costs to you, the public.

Help police and firefighters protect our retirement. Please vote *yes*.

#### Voters Pamphlet Argument Prepared by:

KELLY FOX, President, Washington State Council of Fire Fighters; BILL HANSON, Executive Director, Washington Council of Police and Sheriffs; MIKE EDWARDS, Vice President, Council of Metropolitan Police and Sheriffs; ROBERT E. BUSH, former President, Medal of Honor Society; LARRY L. VOGNILD, former Washington State Senator; KATHY REIM, President, Washington Pension Reform, Inc.

# Explanatory Statement

## The law as it presently exists:

The legislature has created a Law Enforcement Officers' and Firefighters' Retirement System ("LEOFF") to provide retirement and disability benefits to law enforcement officers and firefighters in this state. The system includes two plans. Plan 1 provides benefits to persons who first became members of the system prior to October 1, 1977. Plan 2 provides benefits to persons who first became members of the system on or after October 1, 1977.

LEOFF Plan 2 provides its members with retirement, disability, and family death benefits defined in the law. The benefits are set forth in statute, and may not be increased or changed without amending the law. The system is funded through contributions by the members, the employers, and the state, and by investment earnings on plan assets. In most cases, the member makes 50% of the contribution,

the employer makes 30%, and the state makes the remaining 20%. Port districts and higher education institutions contribute both the employer and state shares for their employees who are members of Plan 2.

Basic contribution rates for all the state's retirement systems are established by either the legislature or by the pension funding council. The council consists of the director of the department of retirement systems, the director of the office of financial management, and four members of the legislature (one of each of the two largest political caucuses in each house). This council may adopt changes to economic assumptions or contribution rates by a vote of at least four members.

The legislature has also created a joint committee on pension policy, which consists of eight members of the senate and eight members of the house of representatives. Half of the membership from each house is chosen from the majority caucus, and half from the minority. This committee is

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## Statement Against

### I-790 GOES TOO FAR — I-790 COSTS TOO MUCH!

We greatly respect our law enforcement officers and firefighters and value the work they do. However, this seriously flawed initiative could cost taxpayers \$12 billion over the next 25 years, according to the Office of the State Actuary! For 2003-2007 alone, the cost may reach a staggering \$1.37 billion. Local governments and the state would have to pay nearly *six times* the current pension rate — using your tax dollars.

### LAW ENFORCEMENT OFFICERS AND FIREFIGHTERS ALREADY CAN RETIRE AT AGE 53

And their pensions are guaranteed for life! I-790 mandates increased pension benefits that can never be reduced — at a significant cost to taxpayers. Do you really want your tax dollars spent to enhance the pensions of a small group of public employees that already can retire at age 53?

### I-790 PUTS PUBLIC SAFETY AT RISK AND WILL INCREASE TAXES

Increased pension benefits will eat up dollars that are badly needed for current police and fire services. Every additional dollar spent on pensions doesn't get spent on vital public services. Elected officials will be forced to make significant cuts in essential services — or raise taxes. And you will pay the bill.

### I-790 TAKES CONTROL OF PENSION FUNDS AWAY FROM YOUR ELECTED OFFICIALS

The new board created by I-790 will be dominated by police and fire employees — with the authority to enhance their own benefits. No other employee group has that power. To

quote directly from the Initiative: "Providing additional benefits to members and beneficiaries is the board's priority" — not saving taxpayers' money.

### VOTE NO ON I-790 — IT'S A COSTLY GRAB OF TAXPAYER MONEY

## Rebuttal of Statement For

They're not asking for a voice — they're asking for a blank check! Don't be fooled into thinking I-790 comes at no cost to taxpayers. The stated purpose is to increase pension benefits — and taxpayers will foot the bill.

Police and fire fighters already have good retirement benefits — guaranteed for life — and can retire at age 53. I-790 gives them control over decisions to enrich their own pensions — something no other public employees have. Vote No.

### Voters Pamphlet Argument Prepared by:

HAROLD HOCHSTATTER, State Senator; MARC MARCHAND, age 78, contractor, not yet retired; CHUCK MOSHER, President, Association of Washington Cities - Bellevue Councilmember; JIM LEWIS, Yakima County Commissioner, former State Legislator; SANDRA SWANSON, S.T.O.P! (So tired of paying).



# REFERENDUM MEASURE 53

**PASSED BY THE LEGISLATURE AND  
ORDERED REFERRED BY PETITION  
CHAPTER 149, LAWS OF 2002**

**Vote cast by the 2002 Legislature on final passage:**

Senate: Yeas, 35; Nays, 14; Absent, 0; Excused, 0.

House: Yeas, 64; Nays, 33; Absent, 0; Excused, 1.

## Official Ballot Title

The Legislature passed Engrossed House Bill 2901 (EHB 2901) concerning unemployment insurance [and voters have filed a sufficient referendum petition on parts of this bill]. This bill would revise laws regarding unemployment insurance for employers, including establishing new employer rate classes, increasing some taxable wage bases, and imposing surcharges if certain contingencies occur.

Should this Bill be:

Approved [ ] Rejected [ ]

**Note:** The ballot title was written by the Attorney General and revised by the court. The explanatory statement was written by the Attorney General as required by law. The Fiscal Impact Statement, written by the Office of Financial Management, appears on page 23. The complete text of Referendum Measure 53 begins on page 29.

### Statement For

#### R-53 WILL HELP OUR ECONOMY

Approving R-53 will make Washington State more attractive to new employers who provide full-time permanent jobs. Unemployment taxes in Washington are high; R-53 begins to reform them. The Washington Competitiveness Council asked the legislature to make these badly needed changes in our Unemployment Insurance laws. The changes are supported by both labor and business.

#### R-53 IS FAIR TO ALL EMPLOYERS

Approving R-53 ensures that employers will pay adequate fees to cover the unemployment insurance benefits of their own laid off workers. A loophole in current law forces 80% of businesses (both large and small) to subsidize the costs of another 10% of business. That isn't fair. (The remaining 10% are not affected by R-53.)

#### R-53 HELPS SMALL BUSINESSES AND YOUR POCKETBOOK

Approving R-53 ensures that unemployment taxes for restaurants, neighborhood grocery stores, local retailers and farmers will not increase significantly in the next several years. Tax increases that these businesses would have to pass on to consumers.

#### R-53 IS BIPARTISAN

This legislation was passed with a large bipartisan majority of Republicans and Democrats in both the House and the Senate after nine years of study and review.

Opponents want to mislead you. They want to force other businesses to continue to subsidize them. Good drivers shouldn't have to subsidize the auto insurance of bad drivers. The same thing is true for businesses paying unemployment insurance taxes. As the *Wenatchee Daily World*

wrote, "This is a case of a loser in a legislative battle gaming the initiative system for private gain."

Protect Washington's business climate and your own pocketbook at the same time.

*Vote to Approve Referendum 53.*

For more information, call 206.994.0645 or visit [www.yes53.com](http://www.yes53.com).

### Rebuttal of Statement Against

For years portions of the construction industry have not paid the full cost of unemployment insurance for workers they laid off. Other businesses, including tens of thousands of small businesses, have had to subsidize these construction firms to keep the unemployment insurance trust fund solvent.

Approving R-53 keeps the UI trust fund solvent for employees who are laid off.

Approving R-53 will help solve our economic crisis by making Washington State more attractive to employers.

#### Voters Pamphlet Argument Prepared by:

GENE VOSBERG, President and CEO, Washington Restaurant Association; JAN TEAGUE, Executive Director, Washington Retail Association; RICK BENDER, President, Washington State Labor Council, AFL-CIO; PAT BATTS, Administrative Vice President, Washington Farm Bureau; DOUG HENKEN, President, Washington Food Industry; ED OWENS, Executive Director, Coalition of Coastal Fisheries.

# Explanatory Statement

## The law as it presently exists:

The unemployment compensation system provides benefits to unemployed workers. The program is administered by the state employment security department. The benefits are funded through mandatory contributions (defined in statute as "taxes") paid by employers. The rate of contribution varies according to the "experience rating" of an employer. Employers who have higher unemployment claims pay higher rates than those with lower experience ratings. Depending on their experience rating, employers are assigned to one of 20 different rate classes. Employers' annual contribution to the State Unemployment Insurance Trust Fund depends on their experience rating and on the tax schedule in effect. The law requires the employment security department to keep a separate account for each employer, showing that employer's contributions and experience in

each year.

Formulas determine which tax schedule will be in effect each year, depending on the amount of reserves available to pay benefits to unemployed workers. The greater the reserves, the lower the tax schedule will be, and the lower the reserves, the higher the tax schedule.

To determine the amount of tax each employer must pay, the tax rate is applied to the amount of wages that are subject to the tax. There is an upper limit on the wages subject to tax in any rate year. An employer cannot be taxed for wages that exceed a certain statewide average. Currently, the limit is 80% of the "average annual wage for contribution purposes" for the second preceding calendar year. (The "average annual wage for contributions purposes" is calculated by dividing by three the total remuneration reported by all employers subject to contributions for the preceding three consecutive years and then dividing this amount by the average number of workers reported for all months of

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## Statement Against

### REJECTING REFERENDUM 53 IS YOUR CHANCE TO HELP WASHINGTON'S SMALL BUSINESSES

Washington is in the midst of a crisis. Excessive government taxes and regulations are driving small businesses out of our state.

Voting *no* on R-53 is your opportunity to help small businesses and their employees.

### REFERENDUM 53 INCREASES TAXES ON SMALL BUSINESSES SO BIG BUSINESSES CAN GET A TAX CUT

Voting *no* on R-53 will overturn a \$20 million to \$30 million tax increase on small businesses approved by Governor Locke. The Governor wants to impose higher unemployment insurance tax rates on homebuilders and small businesses while lowering unemployment insurance tax rates for big companies like Boeing by \$15 million.

### REFERENDUM 53 DOES NOTHING TO ADDRESS WASHINGTON'S OVERLY COSTLY UNEMPLOYMENT INSURANCE SYSTEM

Washington State's unemployment insurance system is the costliest in the nation. It is 2 1/2 times more costly than the national average, forces employers to pay the second highest benefits, and ranks first in the length of time unemployment benefits can be collected.

The State's unemployment system even allows an employee to quit his or her job, or even go to jail, and still collect unemployment benefits.

### WHY YOU SHOULD VOTE NO ON REFERENDUM 53

A *no* vote on R-53 means the \$20-\$30 million unemployment insurance tax increase will be repealed.

If R-53 is defeated and the tax increase on construction and small business employers is repealed, you will be sending a message to Governor Locke and Legislators that the unemployment system needs reform — not increased taxes.

Groups opposed: Utility Contractors Association of Washington, Asphalt Paving Association of Washington, Automotive Wholesalers Association, National Electrical Contractors Association, Sheet Metal and Air Conditioning Contractors Association, Associated Builders and Contractors, Inland Northwest Associated General Contractors, Mechanical Contractors Association of Washington.

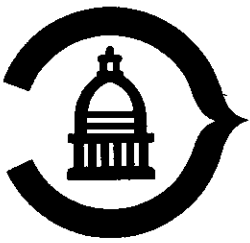
## Rebuttal of Statement For

Don't be misled. R-53 is *not* fair. R-53 does *not* reform the unemployment insurance system. It makes an unfair, expensive system worse. Plus, the tax increases in R-53 make it harder to hire new employees, something that is done by small businesses — not Boeing, a Chicago-based company.

So don't give the rich guy in Chicago a tax break. Help your neighborhood, main street business instead. Please *Vote no* on R-53.

### Voters Pamphlet Argument Prepared by:

DOTTIE PIAZZA, BIAW, supporting 9000 small, residential construction firms statewide; CAROLYN LOGUE, NFIB, representing 17,000 small, independent business owners statewide; GARY SMITH, IBA, representing small business owners statewide; DEBBIE GJERDE, Washington Construction Industry Council, united voice of construction; TOM MIELKE, State Representative, Battleground; DON BENTON, State Senator, small business owner, Vancouver.



# REFERENDUM BILL 51

**PROPOSED TO THE PEOPLE  
BY THE LEGISLATURE  
CHAPTER 202, LAWS OF 2002**

**Vote cast by the 2002 Legislature on final passage:**

Senate: Yeas, 30; Nays, 17; Absent, 0; Excused, 2.

House: Yeas, 75; Nays, 23; Absent, 0; Excused, 0.

## Statement For

**2,037 "HIGH ACCIDENT" LOCATIONS—950 BRIDGES  
NEED REPAIR—FIX DANGEROUS ROADS/BRIDGES—  
RELIEVE TRAFFIC CHOKEPOINTS**

The state Department of Transportation identified 2,037 "High Accident" locations where improvements will save lives. 950 bridges in danger of significant damage in the next earthquake require retrofits. And traffic congestion takes too big a toll on our nerves, pocketbooks and economy. In Central Puget Sound, one of the most congested areas nationwide, rush hour drivers waste \$1,605 and 82 hours in traffic every year. The price tag statewide? \$2 billion annually. Washington's Competitiveness Council says gridlock is the huge obstacle in attracting and keeping jobs and employers.

**THE LONGER WE WAIT TO FIX OUR  
TRANSPORTATION SYSTEM, THE MORE  
EXPENSIVE IT'LL GET**

...and the more dangerous and congested our roads will get. R-51 won't solve *all* these transportation problems, but it'll help fix the most dangerous roads and bridges, improve street safety near schools and relieve traffic chokepoints. R-51 funds a high priority list of safety and traffic relief projects on our roads, bridges, rail and public transportation systems — *in every part of the state.*

**HOLD GOVERNMENT ACCOUNTABLE TO  
TAXPAYERS— MAKE SURE THEY SPEND OUR  
TAXES PROPERLY AND PRODUCE RESULTS**

R-51 has checks and balances to track revenues and project delivery from start to finish. Revenues must be deposited into transportation-only accounts. The State Constitution requires gas tax revenues be spent only on highway improvements. R-51 requires mandatory audits to track rev-

## Official Ballot Title

The Legislature has passed House Bill No. 2969, financing transportation improvements through transportation fees and taxes. This bill would increase highway capacity, public transportation, passenger and freight rail, and transportation financing accountability through increased fuel excise taxes, sales taxes on vehicles, and weight fees on trucks and large vehicles.

Should this Bill be:

Approved [ ] Rejected [ ]

**Note:** The ballot title was written by the Legislature and revised by the court. The explanatory statement was written by the Attorney General as required by law. The Fiscal Impact Statement, written by the Office of Financial Management, appears on page 23. The complete text of Referendum Bill 51 begins on page 35.

enues and the delivery of improvements from start to finish — with all of it reported to taxpayers.

**STATE TROOPERS, FIREFIGHTERS, BUSINESS,  
LABOR, SHERIFFS, GOVERNOR GARY LOCKE,  
FORMER SENATOR SLADE GORTON: "R-51: YES!"**

A "yes" vote is recommended by a statewide, bipartisan coalition that includes the Washington State Patrol Troopers Association, Washington Council of Police and Sheriffs, Seismological Society of America, Firefighters, Association of Washington Business, Washington State Labor Council, agriculture and seniors.

For more information, call 206.352.8255 or visit [www.YesonR51.com](http://www.YesonR51.com).

## Rebuttal of Statement Against

Washington has some very dangerous, congested roads. Opponents say "wait" to do anything about them. But the longer we wait to fix them, the more expensive it'll be, and the more dangerous our roads will get. R-51 won't solve *all* our problems, but it'll help fix the most dangerous ones, repair and maintain roads and bridges, relieve traffic chokepoints and expand public transportation. *Vote yes on safer roads, traffic relief and accountability. Yes on R-51.*

### Voters Pamphlet Argument Prepared by:

BOB THURSTON, President, Washington State Patrol Troopers Association; STANLEY E. MILLER, President, Inland Automobile Association (AAA); KELLY FOX, President, Washington State Council of Fire Fighters; MIKE AMOS, President, Washington Council of Police and Sheriffs; DON BRUNELL, President, Association of Washington Business; JUDY A. HEDDEN, President, League of Women Voters of Washington.



# Explanatory Statement

## The law as it presently exists:

State transportation projects (roads and highways, ferries, rail and other transit) are funded from a variety of sources, some of which are constitutionally restricted. Amendment 18 to the Washington Constitution requires that fuel taxes and vehicle licensing fees be deposited in the motor vehicle fund. Monies in that fund may only be spent for highway purposes. "Highway purposes" include highways and ferries but exclude transit and rail. Sales tax revenue is not subject to Amendment 18's restrictions and may be spent as the Legislature directs. Unrestricted revenue may be placed in the multimodal transportation fund and spent for any transportation purposes, including transit and rail.

The motor vehicle fuel tax (often called the "gas tax") is currently set at 23 cents per gallon. Diesel fuel and other combustible gases and liquids which could be used as fuel

but are not gasoline are defined in law as "special fuel." These also are taxed at 23 cents per gallon, or 23 cents per hundred cubic feet of compressed natural gas. About half of the revenue from the existing taxes is retained by the state and used for state and local highway and ferry purposes. The remainder is distributed to local governments for local highway purposes.

The vehicle license fees on cars, motorcycles, and light trucks are currently set at \$30 per year. Heavier trucks and buses pay higher license fees. Vehicles with a gross weight of 4,000 pounds or more, which either do not tow trailers or are used exclusively for hauling logs, are subject to annual licensing fees ranging from \$37 (4,000 to 6,000 lbs.) to \$2,883 (105,000 lbs. or more). The annual fee for vehicles which tow trailers, or are not used exclusively for hauling logs, varies from \$37 (4,000 to 6,000 lbs.) to \$2,973 (105,000 lbs. or more). The revenue from these fees, like fuel tax revenue, is constitutionally restricted to highway (including

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## Statement Against

### R-51 IS FINANCIALLY IRRESPONSIBLE AND POORLY PLANNED

R-51 starts dozens of new road construction projects it can't finish without multiple future tax increases. Just completing R-51's seven largest projects would require four more tax increases the size of R-51, according to Department of Transportation data. Most R-51 projects do not have realistic budgets or plans.

### REFERENDUM 51 HAS THE WRONG APPROACH AND THE WRONG PRIORITIES – NEGLECTING TRANSPORTATION CHOICES, SAFETY, AND MAINTENANCE

For example, in King County, 93% of R-51 money goes toward highways, but only 7% to buses and vanpools. R-51 tries to "build our way out of congestion" with new highways, instead of improving transit and fixing existing roads. This approach doesn't work.

### LESS THAN 10% OF R-51's MONEY WOULD BE SPENT ON SEISMIC SAFETY AND MAINTENANCE

R-51 neglects critical safety and maintenance needs. It spends billions to start new freeways before completing vital safety and maintenance projects like repairing crumbling bridges and viaducts before they collapse.

We need highway improvements, but neglecting safety and maintenance is foolish. *We can't afford to waste billions on low priority projects that don't solve our problems when the state, particularly rural Washington, is struggling economically.*

### R-51 IS THE WRONG WAY TO SOLVE TRAFFIC PROBLEMS—THERE IS A BETTER ALTERNATIVE

The coalition opposing R-51, Citizens for Real Transportation Solutions, proposes a more effective alternative:

- 1) Make safety and maintenance the highest priority; 2) Improve mass transit, and add innovations like discounted bus passes, telecommuting and other incentives to reduce traffic; 3) Invest in "smart road" projects like completing HOV lanes and fixing chokepoints, and efficiencies like better signal timing and rapid-response tow trucks to clear accidents quickly; and 4) Reform the Department of Transportation to ensure our tax dollars are spent wisely.

*Support a better approach. Vote "no" on Referendum 51.*

## Rebuttal of Statement For

R-51 addresses fewer than 10% of these 2,037 safety and maintenance hotspots, funding new road construction instead. R-51 also neglects transportation choices that are critical to reducing traffic.

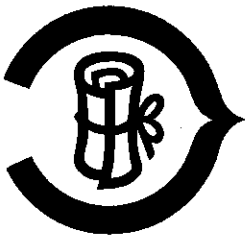
R-51 fails the accountability test: its projects lack realistic budgets or plans and cannot be completed without multiple future tax increases.

We shouldn't waste tax dollars on the wrong projects.

*Demand a better alternative now. Demand better priorities, financial responsibility and real solutions. Vote no on Referendum 51.*

### Voters Pamphlet Argument Prepared by:

VIRGINIA GUNBY, President, Washington Retired Citizens; T.J. JOHNSON, Alliance for Public Transit; PAULA DEL GIUDICE, Regional Director, National Wildlife Federation; STEVE FUHRMAN, former State Representative; ROBERT PREGULMAN, Executive Director, Washington Public Interest Research Group (WashPIRG); TIM McGRUDER, Conservation Chair, East Lake Washington Audubon Society.



# HOUSE JOINT RESOLUTION 4220

## PROPOSED CONSTITUTIONAL AMENDMENT

### Vote cast by the 2002 Legislature on final passage:

Senate: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

House: Yeas, 98; Nays, 0; Absent, 0; Excused, 0.

## Official Ballot Title

The Legislature has proposed a constitutional amendment on fire protection property tax levies. This amendment would permit property tax levy propositions for fire protection districts to be submitted to voters for periods up to four years, or six years for fire facility construction, rather than annually.

Should this constitutional amendment be:

Approved [ ] Rejected [ ]

**Note:** The ballot title and explanatory statement were written by the Attorney General as required by law. The complete text of House Joint Resolution 4220 begins on page 45.

### Statement For

#### SAFETY, SECURITY AND STABILITY

Your family relies on local firefighters to help save lives during fires or medical emergencies. A yes vote is a vote for safety, security and stability.

#### THE PROBLEM

Right now, your local fire department must pay for levy elections every year.

These elections are expensive and they waste your tax dollars.

That money should go to fighting fires and saving lives.

#### THE SOLUTION

Give local fire districts the opportunity to ask voters for levies that last longer.

**Safety** -- This simple reform would save fire districts -- and taxpayers -- millions of dollars in election costs. That money could help make your community safer.

**Security** -- Voters would still have the final say, and levies would still need 60 percent yes votes to pass.

**Stability** -- Rather than planning for elections, and paying for them every year, longer levies would give firefighters the time and stability to plan for the future.

This reform is supported by the Washington State Council of Firefighters and the Washington State Association of Fire Chiefs.

#### Voters Pamphlet Argument Prepared by:

GEOFF SIMPSON, (D-Covington), State Representative, professional firefighter; DAVE MORELL, (R-Puyallup), State Representative, former fire commissioner; HANS DUNSHEE, (D-Snohomish), State Representative, former volunteer firefighter; JOYCE MULLIKEN, (R-Ephrata), State Representative; GEORGIA GARDNER, (D-Blaine), State Senator; JIM HORN, (R-Mercer Island), State Senator.

## **Explanatory Statement**

### **The constitutional provision as it presently exists:**

When the state or a local government is authorized to submit a special property tax levy for voter approval, the state constitution (article VII, section 2) generally requires these levies to be submitted to the voters not more than twelve months prior to the date of the proposed levy. This requirement means that, for most taxing districts, a new levy proposition must be submitted to the voters each year. The current language of the constitution has an exception allowing levy propositions of up to four years for support of the common schools. A levy proposition for the construction, modernization, or remodeling of school facilities may be submitted for up to a six-year period.

### **The effect of the proposed amendment, if it is approved:**

The proposed amendment would add additional language to article VII, section 2 of the state constitution. The amendment would permit fire protection district levy propositions, like school levies, to be submitted for up to four-year periods. Levies for the construction, modernization, or remodeling of fire facilities would be eligible, as school construction levies currently are, for propositions covering up to six-year periods.

### **Statement Against**

State law requires that the argument and rebuttal statement against a constitutional amendment be written by one or more members of the state Legislature who voted against that proposed measure on final passage or, in the event that no such member of the Legislature consents to prepare the statement, by any other responsible individual or individuals to be appointed by the Speaker of the House of Representatives, the President of the State Senate, and the Secretary of State. No legislator or other individual opposing House Joint Resolution 4220 consented to write an argument against the measure for publication in this pamphlet.

# Continuation of Explanatory Statements



## INITIATIVE MEASURE 776

**The law as it presently exists (continued from page 9):**

vehicle previously registered in another state or country, changing a vehicle's certificate of ownership, replacing over-age license plates, or renewing registration at a private subagent rather than a state office.

A law that was repealed in the 2002 legislative session, RCW 35.58.273, had authorized municipalities to impose a special motor vehicle excise tax. The legislature repealed this authorization and related laws, and these local taxes are no longer in effect.

### **The effect of the proposed measure, if it becomes law:**

This measure would change the phrase "license tab fees shall be thirty dollars" to "license tab fees are required to be thirty dollars." The definition of "motor vehicle" would remain unchanged.

The measure would repeal RCW 81.104.160 (voter-approved excise taxes for high-capacity transportation) and RCW 82.80.020 (local vehicle fees for transportation purposes). The measure would also repeal RCW 35.58.273 (already repealed by the legislature in the 2002 legislative session). The measure would also repeal several laws concerning the implementation or administration of the repealed taxes and fees. However, state and federal constitutional provisions may require repealed taxes or fees to continue to be collected, to the extent bonds have been issued pursuant to law pledging collection of specific taxes or fees, and to the extent that the value of those bonds would be diminished by the new law.

The measure would also reduce the license tab fees to \$30 per year for all trucks and buses weighing less than 10,000 pounds.

The measure would not affect laws authorizing higher fees for personalized or special license plates, or the laws providing for application fees, subagent charges, or charges for additional services.



## INITIATIVE MEASURE 790

**The law as it presently exists (continued from page 11):**

authorized to study pension issues, study the financial condition of the state pension systems, develop funding policies, and make recommendations to the legislature. This committee also appoints the state actuary by a two-thirds vote. The state actuary is an officer qualified by education and experience in the field of actuarial science. The office of the state actuary performs actuarial services for the department of retirement systems, advises the legislature and the governor regarding pension benefit laws and policies, and advises the legislature concerning the actuarial impact of proposed pension bills.

The state department of retirement systems administers all of the existing state pension systems, including LEOFF Plan 2. The department is headed by a director appointed by the governor. Pension fund assets are managed by the state investment board under conditions and limitations set forth in state law.

### **The effect of the proposed measure, if it becomes law:**

This measure would create a new board of trustees to manage LEOFF Plan 2. The board would have eleven members:

- Three members would be active law enforcement officers who are participants in the plan. These would be appointed by the governor from a list provided by a recognized statewide council whose membership consists exclusively of guilds, associations, and unions representing law enforcement officers. After 2007, one of these three would be a retired law enforcement officer who is a member of the plan.
- Three board members would be active firefighters who are participants in the plan, appointed by the governor from a list provided by a recognized statewide council that is affiliated with an international association representing firefighters. After 2007, one of these three would be a retired firefighter who is a member of the plan.
- Three board members would be representatives of employers appointed by the governor.
- One board member would be a member of the house of representatives appointed by the governor based on the recommendation of the speaker of the house.
- One board member would be a member of the senate appointed by the governor based on the recommendation of the senate majority leader.

The law enforcement officer members and firefighter members would serve staggered six-year terms; the remaining board members would serve staggered four-year terms. A quorum of the board would be six members and all board action would require six concurring votes.



# Continuation of Explanatory Statements



## INITIATIVE MEASURE 790

**The effect of the proposed measure, if it becomes law (continued from previous page):**

The board would have authority to adopt actuarial tables and economic assumptions in consultation with the state actuary or with another qualified actuary retained by the board. If the board retains an actuary different from the state actuary, the measure sets forth a procedure for reconciling differences between the assumptions and calculations of the retained actuary and those of the state actuary. The board would be authorized to establish contribution rates, based on a ratio of 50% member contributions, 30% employer contributions, and 20% state contributions.

The board would have authority to design and implement increased benefits for members and beneficiaries. Increased benefits could be granted by the board, subject to contribution limitations set forth in the measure and subject to legislative veto, through action taken on January 1 of any given year. The increased benefits would become effective 90 days later, unless the legislature repealed them by majority vote of each house in the next legislative session. If granting the increased benefits would increase the member contributions to more than 10% of covered payroll (defined below), the board could ask plan members to vote, with a choice to (1) pay the increased cost through member contributions or (2) reduce the benefits.

As an alternative to adopting increases directly, the board could recommend changes in member benefits to the legislature by January 1 of a given year. In such a case, the legislature would be directed to adopt or reject the board's recommendations, without change or amendment, before the end of its regular session. Benefits adopted by the legislature in this manner would constitute contractual obligations.

The measure would define as "minimum benefits" the benefit levels in place as of July 1, 2003. These minimum benefits would be declared a contractual obligation of the state and of the contributing employers. Employee costs could not exceed 10% of covered payroll without the consent of a majority of the affected employees. Employer contributions could not exceed 30% of the cost of providing benefits or 6% of covered payroll without consent of the employer's governing body. The state contribution could not exceed 20% of the cost of providing benefits or 4% of covered payroll without consent of the legislature. (The term "covered payroll" refers to the salaries paid to all LEOFF Plan 2 members.)

In order to determine future financial needs of the plan, the projected cost of benefits is calculated by an actuary. One of the significant factors considered by the actuary is the expected rate of investment return on plan assets over a period of years. The measure provides that if the earnings of the plan exceed the actuarial rate of investment return, the excess must be used exclusively for additional benefits for members and beneficiaries. The measure does not specify a method for determining when there is an excess.

The board would also have authority to retain professional and technical advisors, consult with the department of retirement systems, recommend legislative changes, provide reports to the governor and the legislature, hire administrative staff, and acquire office space.

The joint committee on pension policy and the pension funding council would have no applicability or authority over matters related to LEOFF Plan 2. Plan assets would be managed by the state investment board as provided by law. The department of retirement systems and the state actuary would be directed to submit proposed implementing legislation by January 15, 2003. The measure itself would become operative on July 1, 2003.



## REFERENDUM MEASURE 53

**The law as it presently exists (continued from page 13):**

those three years by the same employers and then rounding down to the nearest whole multiple of one dollar.)

Existing law sets forth the conditions under which an employer must make contributions to the system, the conditions in which contributions will be adjusted for special circumstances, and the conditions in which a successor employer continues contributions made by a predecessor employer.

### **The effect of the proposed measure, if it becomes law:**

This measure consists of portions of a larger bill (EHB 2901) enacted by the Legislature in early 2002. The Constitution permits the filing of referendum petitions on all or part of a bill. The petitions filed on this measure cover only part of EHB 2901, the "referred part." The rest of EHB 2901 (the "nonreferred part") is not included in this Referendum Measure and has already become law. The term "this measure" refers here to the "referred part" of EHB 2901. **A vote to "approve" this measure is a vote to approve the referred portions of EHB 2901 as passed by the Legislature. A vote to "reject" this measure is a vote to reject the referred portions of EHB 2901 as passed by the Legislature.**

# Continuation of Explanatory Statements



## REFERENDUM MEASURE 53

**The effect of the proposed measure, if it becomes law (continued from previous page):**

This measure would revise rate classifications to produce a closer relationship between an employer's contribution rate and actual experience. Employers subject to a high incidence of employment claims would pay a higher contribution, and employers with a lower incidence of claims would pay lower contributions. Current rate class 20 would be divided into five subclasses (20A through 20E) and the measure would establish a formula for assigning employers to these subclasses. For employers assigned to rate classes 19 through 20E, the maximum amount of wages subject to tax would increase to 85% of the "average annual wage for contributions purposes" (based on the second preceding calendar year) in 2003, and 90% of the "average annual wage for contributions purposes" in 2004 and later years. For employers in the other rate classes, the maximum contribution level would remain at 80%.

This measure would adopt new tables and arrays of contribution rates for all rate classes, one for 2003 and 2004 and a second one for 2005 and later years. The measure authorizes a tax schedule no higher than Tax Schedule C during 2004. Therefore, even if applying the statutory formula would otherwise lead to adoption of a higher schedule, Tax Schedule C will be used in 2004.

This measure would establish a new equity surcharge calculated to bring employer contributions closer to actual claims costs. This surcharge would be added to the contribution rate beginning in 2005 if unemployment benefits paid to claimants attributed to that employer exceed the contributions paid by that employer in three or more of the four preceding fiscal years. The amount of the surcharge would be determined by the employment security commissioner following standards set forth in the measure, but could not exceed .6% (6 tenths of one percent). The surcharge would not apply to employers with certain industrial classification codes.

This measure would amend the law relating to successor employers. (A "successor employer" is an individual or corporation that takes over an existing business.) Until the successor employer qualifies for a contribution rate on its own, the employment security commissioner assigns a contribution rate based on the average rate for the employer's industry. In assigning employers to industrial classifications, the measure would adopt the North American industry classification code system, along with the current standard industrial classification code. The measure also provides that where a successor employer is not already an employer when a business is transferred, the new employer will continue to pay the same contribution as the predecessor for the remainder of the rate year in which the transfer occurs. Successor employers would also be subject to equity surcharges.

The referred portions of the measure also provide effective dates and expiration dates for various provisions of EHB 2901.



## REFERENDUM BILL 51

**The law as it presently exists (continued from page 15):**

ferry) purposes.

The current state sales tax, applied to the retail sale of any item in this state (with certain exceptions) is 6.5 percent of the selling price (local governments are authorized to impose certain additional sales taxes above this amount). The use tax (applied to items used within this state but not subject to sales tax) is also 6.5 percent, applied against the value of the item used. Cars, trucks, and other motor vehicles are currently taxed at the same rate as other items. The revenue from sales taxes is not constitutionally restricted and is used for a variety of governmental purposes. Some of it may be spent on transportation purposes (including rail and transit) if the Legislature so directs.

### **The effect of the proposed measure, if it becomes law:**

Engrossed Substitute House Bill 2969 (ESHB 2969) was enacted by the Legislature in its 2002 session. The Legislature referred portions of this bill (the "referred portions") to the people for their approval or rejection at the 2002 general election. The referred portions of the bill would increase fuel taxes, increase licensing fees on heavy trucks and buses, and increase the sales and use tax on motor vehicles. The increases would be used to fund various transportation projects.

The appropriations for projects to be funded in 2001-2003 and the 10-year project plan are not listed in ESHB 2969 itself but are included in another enactment, Engrossed Substitute Senate Bill 6347. Copies of ESSB 6347 are available from the

# Continuation of Explanatory Statements



## REFERENDUM BILL 51

**The effect of the proposed measure, if it becomes law (continued from previous page):**

Legislature, or may be obtained electronically from either house of the Legislature at [www.sgc.leg.wa.gov](http://www.sgc.leg.wa.gov) or [www.htc.leg.wa.gov](http://www.htc.leg.wa.gov).

The bill would increase the motor vehicle fuel tax rate by five cents per gallon beginning January 1, 2003, and by four additional cents per gallon beginning January 1, 2004. The tax on "special fuels" (those not ordinarily used as motor vehicle fuel) would also be increased by five cents in 2003 and by four additional cents in 2004. A small portion (projected under 5 percent) of the increased tax would be distributed directly to counties, and to cities and towns of over 10,000 population, for local transportation purposes. The remainder would be placed in the motor vehicle account and used for state and local transportation (highway and ferry) purposes.

Beginning with vehicle registrations due January 1, 2003, the bill would impose a surcharge on all heavy trucks and buses over 10,000 lbs. in gross weight, amounting to 15 percent of the current charges applicable to each vehicle. On January 1, 2004, the surcharge would increase to 30 percent of the current charge. The proceeds of the surcharge would be deposited in the motor vehicle account. The bill would also create a freight mobility account. Money in this account could be appropriated by the Legislature for roadway improvement projects to facilitate freight movement.

The bill would also impose an additional sales tax, beginning April 1, 2003, of one percent of the selling price of each retail sale of a motor vehicle in this state, except retail car rentals, and the same increase in the use tax. The revenues from these tax increases would be placed in the multimodal transportation account for transportation purposes (highways, ferries, rail, and public transportation).

The bill would authorize the sale of state general obligation bonds. First, the bill would authorize the sale of \$4.5 billion worth of bonds, with the resulting revenue to be placed in the motor vehicle fund and used for the location, design, right of way, and construction of state and local highway improvements (including improvements in the ferry system). Second, the bill would also authorize the sale of an additional total of \$100 million of bonds, with the resulting revenues from this sale to be placed in the multimodal transportation account and used for the planning, design, construction, and other costs for transportation projects, including rail, transit, and passenger-only ferry projects. The revenues from the tax and fee increases imposed in the bill would be used, among other things, to repay the principal and interest on these bonds.

The nonreferred portions of ESHB 2969 relate to the subject of accountability for transportation projects and programs. The responsibilities of the legislative transportation accountability committee, the department of transportation, the transportation commission, and a new transportation accountability board would be defined. Although these sections are not included in the referendum, the bill provides that these sections will be null and void if the referendum is not approved by the people.

# Fiscal Impact Statements

## INITIATIVE MEASURE 776

### Summary of Five-Year Fiscal Impact Through 2007

Initiative 776 reduces transportation funding generated by vehicle license fees. Over the next five years, the initiative: reduces state funding for highways, State Patrol and ferry operations by \$93 million; and reduces local-option transportation funding for Douglas, King, Pierce and Snohomish counties, and cities within those counties, by \$165 million. The impact on Sound Transit rail and regional bus service in Snohomish, King and Pierce counties depends on the status of Sound Transit bonds. I-776 repeals \$318 million in voter-approved Sound Transit excise taxes, but the law may require continued collection of repealed taxes if needed to repay outstanding bonds.

### Fiscal Impact Assumptions

- Reducing the combined license fee for trucks with a declared gross weight of 8,000 pounds or less would result in a loss of state funding for highways, the State Patrol and ferry operations. These trucks currently pay combined license fees between \$37 and \$55, depending upon vehicle weight. Initiative 776 would reduce these fees to \$30.
- Repealing the local-option vehicle license fee would result in the loss of general transportation funding in Douglas, King, Pierce, and Snohomish counties. Current law allows all counties (or qualified cities or towns with voter approval) to impose local vehicle license fees up to \$15 per year. The estimates shown reflect only those local jurisdictions that have implemented the fee to date (Douglas, King, Pierce, and Snohomish counties).
- The loss of funding for Sound Transit light rail, commuter rail, and regional bus service would result from repeal of the authority to levy a voter-approved high capacity transportation Motor Vehicle Excise Tax (MVET). However, the law may require continued collection of repealed taxes if needed to repay outstanding bonds. The estimates shown reflect only the portion of MVET that was approved by Central Puget Sound voters in November 1996 (0.3 percent of vehicle value). The average MVET bill in the Central Puget Sound region is estimated to be \$28 per year per vehicle, but actual savings would vary because the MVET is a tax based on vehicle value.
- The fiscal impacts shown assume a January 1, 2003, implementation date for Initiative 776.
- Combined license fee estimates are based on the June 2002 Motor Vehicle License, Permit and Fee Revenue Forecast.
- Local Option Vehicle Fee estimates are based on the June 2002 Local Option Tax Revenue Forecast.
- Sound Transit estimates are based on the Sound Transit November 2001 Transportation Revenue Forecast.

## INITIATIVE MEASURE 790

### Summary of Five-Year Fiscal Impact Through 2007

Initiative 790 increases state and local government costs for the law enforcement officers and fire fighters pension system. There is a wide range of possible fiscal impacts. The actual fiscal impacts depend on how provisions for increased benefits are implemented. Five-year costs could range from \$1 million to \$549 million for state government, from \$2 million to \$822 million for local governments, and from \$3 million to \$1.4 billion for eligible law enforcement officers and fire fighters. The higher costs are the result of increases in benefits. The lowest costs are possible only if benefits are not increased.

### Fiscal Impact Assumptions

High benefit increase: Costs are \$549 million for state government, \$822 million for local governments, and \$1.4 billion for active members of the pension system. These costs are calculated using the following assumptions:

- Income from the pension fund above the estimated earnings rate is removed from the pension fund and earmarked for extra benefits every year. This process effectively reduces the average annual rate of return on investment of the fund from 8 percent to 4 percent.
- The new pension fund governing board increases benefits up to the maximum allowed without prior approval by the Legislature.
- The new governing board relies largely on new staff positions to administer the pension system.

Medium benefit increase: Costs are \$257 million for state government, \$385 million for local governments, and \$643 million for active members of the pension system. These costs are calculated using the following assumptions:

- Income from the pension fund above the estimated earnings rate is removed from the pension fund and earmarked for extra benefits every six years. This process effectively reduces the average annual rate of return on investment of the fund from 8 percent to 5 percent.
- The new pension fund governing board does not exercise its authority to adopt increased benefits over the next five years.
- The new governing board relies largely on existing Department of Retirement System's staff positions to administer the pension system.

No benefit increase: Costs are \$1 million for state government, \$2 million for local governments, and \$3 million for active members of the pension system. These costs are calculated using the following assumptions:

- State governments, local governments, and active members of the pension fund lose the potential to benefit from periods of unanticipated high investment returns.
- The new pension fund governing board does not adopt increased benefits over the next five years.
- The new governing board relies largely on existing Department of Retirement System's staff positions to administer the pension system.



## REFERENDUM MEASURE 53

### Summary of Five-Year Fiscal Impact Through 2007

Referendum Measure 53 affects unemployment insurance taxes paid by employers. Tax rates are reduced for some employers whose taxes have been greater than the benefits paid to their former workers, and increased for other employers whose taxes have been less than benefits paid to former workers. The effect of Referendum 53 on revenue deposited in the Unemployment Insurance Trust Fund varies each year, but the measure may reduce total unemployment taxes paid over the next five years by \$180 million. Referendum 53 does not affect unemployment benefits paid to unemployed workers.

### Fiscal Impact Assumptions

- Under the **most** likely unemployment conditions, Referendum 53 causes revenue going into the Unemployment Insurance Trust Fund to increase by \$23 million in 2003, increase by \$34 million in 2004, and decrease by a net \$180 million through 2007. Despite the net decrease, higher taxes would be paid by some industries that in recent years have paid taxes that are less than the value of unemployment benefits received by their laid-off employees. Lower taxes would be paid by other industries in which unemployment taxes they have paid in recent years have exceeded unemployment benefits received by their former employees.
- Unemployment conditions used in the analysis above are based on the June 2002 unemployment rates forecast by the Office of the Forecast Council. The most likely unemployment condition is "medium unemployment" defined as an unemployment rate in excess of 6.5 percent from June 2002 through the third quarter of 2003.
- Although Referendum 53 affects the overall amount of money in the Unemployment Insurance Trust Fund, employer tax rates automatically are adjusted to ensure sufficient unemployment taxes to pay unemployment benefits.
- Referendum 53 does not affect eligibility for unemployment benefits, the amount of benefits paid, or administrative costs.
- For purposes of this analysis, it is assumed that the total number of Washington State employers remains the same through 2007, and that an individual employer's relative position in the unemployment tax rate class schedule remains the same through 2007.

## REFERENDUM BILL 51

### Summary of 10-Year Fiscal Impact Through 2012

Referendum Bill 51 increases state transportation tax and fee revenue by \$4.5 billion and authorizes \$4.6 billion in new transportation bonds. This new revenue finances up to \$7.7 billion in new highway projects, ferries, rail, local road projects, and public transit, over 10 years, and provides funding necessary to pay back the new transportation bonds. The impact to individual taxpayers will vary depending upon type of vehicle and miles driven.

### Fiscal Impact Assumptions

- A 9-cent gas tax increase would be phased in over two years – 5 cents effective January 1, 2003, and an additional 4 cents effective January 1, 2004.
- An additional state sales and use tax of 1 percent on new and used vehicles would take effect April 1, 2003. New revenue would be dedicated to transportation purposes such as highways, ferries, rail investments and transit.
- Gross weight fees for trucks over 10,000 pounds would be increased by 30 percent, phased in over two years – 15 percent effective January 1, 2003, and the remaining 15 percent effective January 1, 2004.
- Since motor vehicle fees and taxes paid would depend on the type of vehicle and the number of miles driven, the amount of the increase for each taxpayer would vary.
- State sales and use tax revenue paid on most Washington State Department of Transportation highway improvement projects after July 1, 2005, would be transferred for use in other transportation projects. This revenue currently is deposited in the General Fund.
- \$4.5 billion in bonds supported by gasoline tax revenue would be authorized for highway and ferry projects and an additional \$100 million in general obligation bonds would be authorized and could be used for non-highway transportation projects such as capital rail investments and passenger ferries.
- Revenue estimates are based on June 2002 forecasts of the Transportation Revenue Forecast Council and the Economic and Revenue Forecast Council.
- Fuel tax revenue estimates assume current fuel consumption levels.
- Expenditure estimates reflect the expenditure plan of the 2002 Legislature. Future expenditures are subject to legislative appropriation.
- Debt service estimates reflect the expenditure plan of the 2002 Legislature and assume that 25-year bonds will be issued at an interest rate of 5.5 percent.



## COMPLETE TEXT OF Initiative Measure 776

AN ACT Relating to limiting government-imposed charges on motor vehicles; amending RCW 46.16.0621, 46.16.070, 35.58.273, and 81.104.160; creating new sections; and repealing RCW 35.58.274, 35.58.275, 35.58.276, 35.58.277, 35.58.278, 82.44.041, 82.44.110, 82.44.150, and 82.80.020.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

### POLICIES AND PURPOSES

**NEW SECTION.** Sec. 1. This measure would require license tab fees to be \$30 per year for motor vehicles and light trucks and would repeal certain government-imposed charges, including excise taxes and fees, levied on motor vehicles. Politicians promised "\$30 license tabs are here to stay" and promised any increases in vehicle-related taxes, fees and surcharges would be put to a public vote. Politicians should keep their promises. As long as taxpayers must pay incredibly high sales taxes when buying motor vehicles (meaning state and local governments receive huge windfalls of sales tax revenue from these transactions), the people want license tab fees to not exceed the promised \$30 per year. Without this follow-up measure, "tab creep" will continue until license tab fees are once again obscenely expensive, as they were prior to Initiative 695. The people want a public vote on any increases in vehicle-related taxes, fees and surcharges to ensure increased accountability. Voters will require more cost-effective use of existing revenues and fundamental reforms before approving higher charges on motor vehicles (such changes may remove the need for any increases). Also, dramatic changes to transportation plans and programs previously presented to voters must be re-submitted. This measure provides a strong directive to all taxing districts to obtain voter approval before imposing taxes, fees and surcharges on motor vehicles. However, if the legislature ignores this clear message, a referendum will be filed to protect the voters' rights. Politicians should just do the right thing and keep their promises.

### REQUIRING LICENSE TAB FEES TO NOT EXCEED \$30 PER YEAR FOR MOTOR VEHICLES

Sec. 2. RCW 46.16.0621 and 2000 1st sp.s. c 1 s 1 are each amended to read as follows:

(1) License tab fees (~~shall be thirty dollars~~) are required to be \$30 per year for motor vehicles, regardless of year, value, make, or model (~~beginning January 1, 2000~~).

(2) For the purposes of this section, "license tab fees" are defined as the general fees paid annually for licensing motor vehicles, including cars, sport utility vehicles, motorcycles, and motor homes.

### REQUIRING LICENSE TAB FEES TO NOT EXCEED \$30 PER YEAR FOR LIGHT TRUCKS (HEAVY TRUCKS AND TRAILERS WILL CONTINUE TO BE BASED ON GROSS WEIGHT AT THE RATES LISTED BELOW)

Sec. 3. RCW 46.16.070 and 1994 c 262 s 8 are each amended to read as follows:

(1) In lieu of all other vehicle licensing fees, unless specifically exempt, and in addition to the (~~excise tax prescribed in chapter 82.44 RCW and the~~) mileage fees prescribed for buses and stages in RCW 46.16.125, there shall be paid and collected annually for each truck, motor truck, truck tractor, road tractor, tractor, bus, auto stage, or for hire vehicle with seating capacity of more than six, based upon the declared combined gross weight or declared gross weight thereof pursuant to the provisions of chapter 46.44 RCW, the following licensing fees by such gross weight:

DECLARED GROSS WEIGHT	SCHEDULE A	SCHEDULE B
4,000 lbs.	\$ (( <del>37.00</del> )) 30.00	\$ (( <del>37.00</del> )) 30.00
6,000 lbs.	\$ (( <del>44.00</del> )) 30.00	\$ (( <del>44.00</del> )) 30.00
8,000 lbs.	\$ (( <del>55.00</del> )) 30.00	\$ (( <del>55.00</del> )) 30.00
10,000 lbs.	\$ 62.00	\$ 62.00
12,000 lbs.	\$ 72.00	\$ 72.00
14,000 lbs.	\$ 82.00	\$ 82.00
16,000 lbs.	\$ 92.00	\$ 92.00
18,000 lbs.	\$ 137.00	\$ 137.00
20,000 lbs.	\$ 152.00	\$ 152.00
22,000 lbs.	\$ 164.00	\$ 164.00
24,000 lbs.	\$ 177.00	\$ 177.00
26,000 lbs.	\$ 187.00	\$ 187.00
28,000 lbs.	\$ 220.00	\$ 220.00
30,000 lbs.	\$ 253.00	\$ 253.00
32,000 lbs.	\$ 304.00	\$ 304.00
34,000 lbs.	\$ 323.00	\$ 323.00
36,000 lbs.	\$ 350.00	\$ 350.00
38,000 lbs.	\$ 384.00	\$ 384.00
40,000 lbs.	\$ 439.00	\$ 439.00
42,000 lbs.	\$ 456.00	\$ 546.00
44,000 lbs.	\$ 466.00	\$ 556.00
46,000 lbs.	\$ 501.00	\$ 591.00
48,000 lbs.	\$ 522.00	\$ 612.00
50,000 lbs.	\$ 566.00	\$ 656.00
52,000 lbs.	\$ 595.00	\$ 685.00
54,000 lbs.	\$ 642.00	\$ 732.00
56,000 lbs.	\$ 677.00	\$ 767.00
58,000 lbs.	\$ 704.00	\$ 794.00
60,000 lbs.	\$ 750.00	\$ 840.00
62,000 lbs.	\$ 804.00	\$ 894.00
64,000 lbs.	\$ 822.00	\$ 912.00
66,000 lbs.	\$ 915.00	\$ 1,005.00
68,000 lbs.	\$ 954.00	\$ 1,044.00
70,000 lbs.	\$ 1,027.00	\$ 1,117.00
72,000 lbs.	\$ 1,098.00	\$ 1,188.00
74,000 lbs.	\$ 1,193.00	\$ 1,283.00
76,000 lbs.	\$ 1,289.00	\$ 1,379.00
78,000 lbs.	\$ 1,407.00	\$ 1,497.00
80,000 lbs.	\$ 1,518.00	\$ 1,608.00
82,000 lbs.	\$ 1,623.00	\$ 1,713.00
84,000 lbs.	\$ 1,728.00	\$ 1,818.00
86,000 lbs.	\$ 1,833.00	\$ 1,923.00



## COMPLETE TEXT OF Initiative Measure 776 (cont.)

88,000 lbs.	\$ 1,938.00	\$ 2,028.00
90,000 lbs.	\$ 2,043.00	\$ 2,133.00
92,000 lbs.	\$ 2,148.00	\$ 2,238.00
94,000 lbs.	\$ 2,253.00	\$ 2,343.00
96,000 lbs.	\$ 2,358.00	\$ 2,448.00
98,000 lbs.	\$ 2,463.00	\$ 2,553.00
100,000 lbs.	\$ 2,568.00	\$ 2,658.00
102,000 lbs.	\$ 2,673.00	\$ 2,763.00
104,000 lbs.	\$ 2,778.00	\$ 2,868.00
105,500 lbs.	\$ 2,883.00	\$ 2,973.00

Schedule A applies to vehicles either used exclusively for hauling logs or that do not tow trailers. Schedule B applies to vehicles that tow trailers and are not covered under Schedule A.

Every truck, motor truck, truck tractor, and tractor exceeding 6,000 pounds empty scale weight registered under chapter 46.16, 46.87, or 46.88 RCW shall be licensed for not less than one hundred fifty percent of its empty weight unless the amount would be in excess of the legal limits prescribed for such a vehicle in RCW 46.44.041 or 46.44.042, in which event the vehicle shall be licensed for the maximum weight authorized for such a vehicle or unless the vehicle is used only for the purpose of transporting any well drilling machine, air compressor, rock crusher, conveyor, hoist, donkey engine, cook house, tool house, bunk house, or similar machine or structure attached to or made a part of such vehicle.

The following provisions apply when increasing gross or combined gross weight for a vehicle licensed under this section:

(a) The new license fee will be one-twelfth of the fee listed above for the new gross weight, multiplied by the number of months remaining in the period for which licensing fees have been paid, including the month in which the new gross weight is effective.

(b) Upon surrender of the current certificate of registration or cab card, the new licensing fees due shall be reduced by the amount of the licensing fees previously paid for the same period for which new fees are being charged.

(2) The proceeds from the fees collected under subsection (1) of this section shall be distributed in accordance with RCW 46.68.035.

### REPEALING THE REMAINING MOTOR VEHICLE EXCISE TAX WHICH THE LEGISLATURE FAILED TO FULLY REPEAL

Sec. 4. RCW 35.58.273 and 1998 c 321 s 25 are each amended to read as follows:

(1) ~~((A municipality is authorized to levy and collect a special excise tax not exceeding .725 percent on the value, as determined under chapter 82.44 RCW, of every motor vehicle owned by a resident of such municipality for the privilege of using such motor vehicle provided that in no event shall the tax be less than one dollar and, subject to RCW 82.44.150 (3) and (4), the amount of such tax shall be cred-~~

~~ited against the amount of the excise tax levied by the state under RCW 82.44.020(1).))~~ Before utilization of any ~~((ex-~~ ~~ercise))~~ tax moneys collected under authorization of this section for acquisition of right of way or construction of a mass transit facility on a separate right of way the municipality shall adopt rules affording the public an opportunity for "corridor public hearings" and "design public hearings" as herein defined, which rule shall provide in detail the procedures necessary for public participation in the following instances: (a) Prior to adoption of location and design plans having a substantial social, economic or environmental effect upon the locality upon which they are to be constructed or (b) on such mass rapid transit systems operating on a separate right of way whenever a substantial change is proposed relating to location or design in the adopted plan. In adopting rules the municipality shall adhere to the provisions of the Administrative Procedure Act.

(2) A "corridor public hearing" is a public hearing that: (a) Is held before the municipality is committed to a specific mass transit route proposal, and before a route location is established; (b) is held to afford an opportunity for participation by those interested in the determination of the need for, and the location of, the mass rapid transit system; (c) provides a public forum that affords a full opportunity for presenting views on the mass rapid transit system route location, and the social, economic and environmental effects on that location and alternate locations: PROVIDED, That such hearing shall not be deemed to be necessary before adoption of an overall mass rapid transit system plan by a vote of the electorate of the municipality.

(3) A "design public hearing" is a public hearing that: (a) Is held after the location is established but before the design is adopted; and (b) is held to afford an opportunity for participation by those interested in the determination of major design features of the mass rapid transit system; and (c) provides a public forum to afford a full opportunity for presenting views on the mass rapid transit system design, and the social, economic, environmental effects of that design and alternate designs.

(4) ~~A municipality ((imposing a tax under subsection (1) of this section)) may ((also)) impose a sales and use tax, in addition to the tax authorized by RCW 82.14.030, upon retail car rentals within the municipality that are taxable by the state under chapters 82.08 and 82.12 RCW. The rate of tax shall not exceed 1.944 percent. ((The rate of tax imposed under this subsection shall bear the same ratio to the 1.944 percent rate authorized that the rate imposed under subsection (1) of this section bears to the rate authorized under subsection (1) of this section.))~~ The base of the tax shall be the selling price in the case of a sales tax or the rental value of the vehicle used in the case of a use tax. The tax imposed under this section shall be deducted from the amount of tax otherwise due under RCW 82.08.020(2). The revenue collected under this ~~((subsection))~~ section shall be ~~col-~~ ~~lected and distributed in the same manner as ((special ex-~~ ~~cise)) sales and use taxes under ((subsection (1) of this sec-~~ ~~tion)) chapter 82.14 RCW.~~

Any motor vehicle (special) excise tax previously imposed under the provisions of RCW 35.58.273 shall be repealed, terminated and expire on the effective date of this act.

**NEW SECTION.** Sec. 5. The following acts or parts of



## COMPLETE TEXT OF Initiative Measure 776 (cont.)

acts are each repealed:

(1) RCW 35.58.274 (Public transportation systems--Motor vehicles exempt from tax) and 1985 c 7 s 100 & 1969 ex.s. c 255 s 9;

(2) RCW 35.58.275 (Public transportation systems--Provisions of motor vehicle excise tax chapter applicable) and 1969 ex.s. c 255 s 10;

(3) RCW 35.58.276 (Public transportation systems--When tax due and payable--Collection) and 1971 ex.s. c 199 s 1 & 1969 ex.s. c 255 s 11;

(4) RCW 35.58.277 (Public transportation systems--Remittance of tax by county auditor) and 1979 c 158 s 91 & 1969 ex.s. c 255 s 12;

(5) RCW 35.58.278 (Public transportation systems--Distribution of tax) and 1975 1st ex.s. c 270 s 2, 1974 ex.s. c 54 s 1, & 1969 ex.s. c 255 s 13;

(6) RCW 82.44.041 (Valuation of vehicles) and 1998 c 321 s 4 & 1990 c 42 s 303;

(7) RCW 82.44.110 (Disposition of revenue) and 1998 c 321 s 5, 1997 c 338 s 68, & 1997 c 149 s 911; and

(8) RCW 82.44.150 (Apportionment and distribution of motor vehicle excise taxes generally) and 1999 c 94 s 30, 1998 c 321 s 6, 1995 2nd sp.s. c 14 s 538, 1994 c 241 s 1, & 1993 c 491 s 2.

### REPEALING THE LOCAL MOTOR VEHICLE EXCISE TAX

Sec. 6. RCW 81.104.160 and 1998 c 321 s 35 are each amended to read as follows:

~~((1)) Cities that operate transit systems, county transportation authorities, metropolitan municipal corporations, public transportation benefit areas, and regional transit authorities may submit an authorizing proposition to the voters, and if approved, may levy and collect an excise tax, at a rate approved by the voters, but not exceeding eighty one hundredths of one percent on the value, under chapter 82.44 RCW, of every motor vehicle owned by a resident of the taxing district, solely for the purpose of providing high capacity transportation service. In any county imposing a motor vehicle excise tax surcharge pursuant to RCW 81.100.060, the maximum tax rate under this section shall be reduced to a rate equal to eighty one hundredths of one percent on the value less the equivalent motor vehicle excise tax rate of the surcharge imposed pursuant to RCW 81.100.060. This rate shall not apply to vehicles licensed under RCW 46.16.070 except vehicles with an unladen weight of six thousand pounds or less, RCW 46.16.079, 46.16.085, or 46.16.090.~~

~~((2)) An agency ((imposing a tax under subsection (1) of this section)) may ((also)) impose a sales and use tax solely for the purpose of providing high capacity transportation service, in addition to the tax authorized by RCW 82.14.030, upon retail car rentals within the agency's jurisdiction that are taxable by the state under chapters 82.08 and 82.12 RCW. The rate of tax shall not exceed 2.172 percent. ((The rate of tax imposed under this subsection shall bear the same ratio to the 2.172 percent rate authorized that the rate imposed under subsection (1) of this section bears to the rate~~

~~authorized under subsection (1) of this section.)) The base of the tax shall be the selling price in the case of a sales tax or the rental value of the vehicle used in the case of a use tax. ((The revenue collected under this subsection shall be used in the same manner as excise taxes under subsection (1) of this section.))~~

Any motor vehicle excise tax previously imposed under the provisions of RCW 81.104.160(1) shall be repealed, terminated and expire on the effective date of this act.

### LEGISLATIVE INTENT RELATING TO OUTSTANDING BONDS

NEW SECTION. Sec. 7. If the repeal of taxes in section 6 of this act affects any bonds previously issued for any purpose relating to light rail, the people expect transit agencies to retire these bonds using reserve funds including accrued interest, sale of property or equipment, new voter approved tax revenues, or any combination of these sources of revenue. Taxing districts should abstain from further bond sales for any purpose relating to light rail until voters decide this measure. The people encourage transit agencies to put another tax revenue measure before voters if they want to continue with a light rail system dramatically changed from that previously represented to and approved by voters.

### REPEALING THE LOCAL OPTION VEHICLE LICENSE FEE

NEW SECTION. Sec. 8. RCW 82.80.020 (Vehicle license fee--Exemptions--Limitations) and 2001 c 64 s 15, 2000 c 103 s 20, 1998 c 281 s 1, 1996 c 139 s 4, 1993 c 60 s 1, 1991 c 318 s 13, & 1990 c 42 s 206 are each repealed.

### CONSTRUCTION CLAUSE

NEW SECTION. Sec. 9. The provisions of this act are to be liberally construed to effectuate the intent, policies, and purposes of this act.

### SEVERABILITY CLAUSE

NEW SECTION. Sec. 10. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. If the repeal of taxes in section 6 of this act is judicially held to impair any contract in existence as of the effective date of this act, the repeal shall apply to any other contract, including novation, renewal, or refunding (in the case of bond contract).

### LEGISLATIVE INTENT

NEW SECTION. Sec. 11. The people have made clear through the passage of numerous initiatives and referenda that taxes need to be reasonable and tax increases should always be a last resort. However, politicians throughout the state of Washington continue to ignore these repeated mandates.

The people expect politicians to keep their promises. The legislative intent of this measure is to ensure that they do.

Politicians are reminded:

(1) Washington voters want license tab fees to be \$30 per





## COMPLETE TEXT OF Initiative Measure 776 (cont.)

year for motor vehicles unless voters authorize higher vehicle-related charges at an election.

(2) All political power is vested in the people, as stated in Article I, section 1 of the Washington state Constitution.

(3) The first power reserved by the people is the initiative, as stated in Article II, section 1 of the Washington state Constitution.

(4) When voters approve initiatives, politicians have a moral, ethical, and constitutional obligation to fully implement them. When politicians ignore this obligation, they corrupt the term "public servant."

(5) Any attempt to violate the clear intent and spirit of this measure undermines the trust of the people in their government and will increase the likelihood of future tax limitation measures.



## COMPLETE TEXT OF Initiative Measure 790

AN ACT Relating to the law enforcement officers' and fire fighters' retirement system, plan 2; adding new sections to chapter 41.26 RCW; creating new sections; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

**NEW SECTION. Sec. 1. OVERVIEW.** The law enforcement officers' and fire fighters' retirement system plan 2 is currently subject to policymaking by the legislature's joint committee on pension policy with ratification by the members of the legislature and is administered by the department of retirement systems.

Members of the plan have no direct input into the management of their retirement program. Forty-six other states currently have member representation in their pension management. This act is intended to give management of the retirement program to the people whose lives are directly affected by it and who provide loyal and valiant service to ensure the health, safety, and welfare of the citizens of the state of Washington.

**NEW SECTION. Sec. 2. INTENT.** It is the intent of this act to:

(1) Establish a board of trustees responsible for the adoption of actuarial standards to be applied to the plan;

(2) Provide for additional benefits for fire fighters and law enforcement officers subject to the cost limitations provided for in this act;

(3) Exercise fiduciary responsibility in the oversight of those pension management functions assigned to the board;

(4) Provide effective monitoring of the plan by providing an annual report to the legislature, to the members and beneficiaries of the plan, and to the public;

(5) Establish contribution rates for employees, employers, and the state of Washington that will guaranty viability of the plan, subject to the limitations provided for in this act;

(6) Provide for an annual budget and to pay costs from the trust, as part of the normal cost of the plan; and

(7) Enable the board of trustees to retain professional and technical advisors as necessary for the fulfillment of their statutory responsibilities.

**NEW SECTION. Sec. 3. DEFINITIONS.** The definitions in this section apply throughout this act unless the context clearly requires otherwise.

(1) "Member" or "beneficiary" means:

(a) Current and future law enforcement officers and fire fighters who are contributing to the plan;

(b) Retired employees or their named beneficiaries who receive benefits from the plan; and

(c) Separated vested members of the plan who are not currently receiving benefits.

(2) "Plan" means the law enforcement officers' and fire fighters' retirement system plan 2.

(3) "Actuary" means the actuary employed by the board of trustees.

(4) "State actuary" means the actuary employed by the department.

(5) "Board" means the board of trustees.

(6) "Board member" means a member of the board of trustees.

(7) "Department" means the department of retirement systems.

(8) "Minimum benefits" means those benefits provided for in chapter 41.26 RCW as of July 1, 2003.

(9) "Employer" means the same as under RCW 41.26.030(2)(b).

(10) "Enrolled actuary" means an actuary who is enrolled under the employee retirement income security act of 1974 (Subtitle C of Title III) and who is a member of the society of actuaries or the American academy of actuaries.

(11) "Increased benefit" means a benefit in addition to the minimum benefits.

(12) "Trust" means the assets of the plan.

(13) "Benefits" means the age or service or combination thereof required for retirement, the level of service and disability retirement benefits, survivorship benefits, payment options including a deferred retirement option plan, average final compensation, postretirement cost of living adjustments, including health care and the elements of compensation. Benefits shall not include the classifications of employment eligible to participate in the plan.

(14) "Actuarially sound" means the plan is sufficiently funded to meet its projected liabilities and to defray the reasonable expenses of its operation based upon commonly accepted, sound actuarial principles.

**NEW SECTION. Sec. 4. BOARD OF TRUSTEES CREATED--SELECTION OF TRUSTEES--TERMS OF OFFICE--VACANCIES.** (1) An eleven member board of trustees is hereby created.

(a) Three of the board members shall be active law enforcement officers who are participants in the plan. Beginning with the first vacancy on or after January 1, 2007, one board member shall be a retired law enforcement officer who



## COMPLETE TEXT OF Initiative Measure 790 (cont.)

is a member of the plan. The law enforcement officer board members shall be appointed by the governor from a list provided by a recognized statewide council whose membership consists exclusively of guilds, associations, and unions representing state and local government police officers, deputies, and sheriffs and excludes federal law enforcement officers.

(b) Three of the board members shall be active fire fighters who are participants in the plan. Beginning with the first vacancy on or after January 1, 2007, one board member shall be a retired fire fighter who is a member of the plan. The fire fighter board member shall be appointed by the governor from a list provided by a recognized statewide council, affiliated with an international association representing the interests of fire fighters.

(c) Three of the board members shall be representatives of employers and shall be appointed by the governor.

(d) One board member shall be a member of the house of representatives who is appointed by the governor based on the recommendation of the speaker of the house of representatives.

(e) One board member shall be a member of the senate who is appointed by the governor based on the recommendation of the majority leader of the senate.

(2) The initial law enforcement officer and fire fighter board members shall serve terms of six, four, and two years, respectively. Thereafter, law enforcement officer and fire fighter board members serve terms of six years. The remaining board members serve terms of four years. Board members may be reappointed to succeeding terms without limitation. Board members shall serve until their successors are appointed and seated.

(3) In the event of a vacancy on the board, the vacancy shall be filled in the same manner as prescribed for an initial appointment.

**NEW SECTION. Sec. 5. POWERS OF THE BOARD OF TRUSTEES--MEETING PROCEDURES--QUORUM--JUDICIAL REVIEW--BUDGET OF THE BOARD OF TRUSTEES.** (1) The board of trustees have the following powers and duties and shall:

(a) Adopt actuarial tables, assumptions, and cost methodologies in consultation with an enrolled actuary retained by the board. The state actuary shall provide assistance when the board requests. The actuary retained by the board shall utilize the aggregate actuarial cost method, or other recognized actuarial cost method based on a level percentage of payroll, as that term is employed by the American academy of actuaries. In determining the reasonableness of actuarial valuations, assumptions, and cost methodologies, the actuary retained by the board shall provide a copy of all such calculations to the state actuary. If the two actuaries concur on the calculations, contributions shall be made as set forth in the report of the board's actuary. If the two actuaries cannot agree, they shall appoint a third, independent, enrolled actuary who shall review the calculations of the actuary retained by the board and the state actuary. Thereafter, con-

tributions shall be based on the methodology most closely following that of the third actuary;

(b)(i) Provide for the design and implementation of increased benefits for members and beneficiaries of the plan, subject to the contribution limitations under section 6 of this act. An increased benefit may not be approved by the board until an actuarial cost of the benefit has been determined by the actuary and contribution rates adjusted as may be required to maintain the plan on a sound actuarial basis. Increased benefits as approved by the board shall be presented to the legislature on January 1st of each year. The increased benefits as approved by the board shall become effective within ninety days unless a bill is enacted in the next ensuing session of the legislature, by majority vote of each house of the legislature, repealing the action of the board;

(ii) As an alternative to the procedure in (b)(i) of this subsection, recommend to the legislature changes in the benefits for members and beneficiaries, without regard to the cost limitations in section 6(3) of this act. Benefits adopted in this manner shall have the same contractual protections as the minimum benefits in the plan. The recommendations of the board shall be presented to the legislature on January 1st of each year. These measures shall take precedence over all other measures in the legislature, except appropriations bills, and shall be either enacted or rejected without change or amendment by the legislature before the end of such regular session;

(c) Retain professional and technical advisors necessary for the accomplishment of its duties. The cost of these services may be withdrawn from the trust;

(d) Consult with the department for the purpose of improving benefit administration and member services;

(e) Provide an annual report to the governor and the legislature setting forth the actuarial funding status of the plan and making recommendations for improvements in those aspects of retirement administration directed by the legislature or administered by the department;

(f) Establish uniform administrative rules and operating policies in the manner prescribed by law;

(g) Engage administrative staff and acquire office space independent of, or in conjunction with, the department. The department shall provide funding from its budget for these purposes;

(h) The board shall publish on an annual basis a schedule of increased benefits together with a summary of the minimum benefits as established by the legislature which shall constitute the official plan document; and

(i) Be the fiduciary of the plan and discharge the board's duties solely in the interest of the members and beneficiaries of the plan.

(2) Meetings of the board of trustees shall be conducted as follows:

(a) All board meetings are open to the public, preceded by timely public notice;

(b) All actions of the board shall be taken in open public session, except for those matters which may be considered in executive session as provided by law;

(c) The board shall retain minutes of each meeting setting forth the names of those board members present and absent, and their voting record on any voted issue; and

(d) The board may establish, with the assistance of the appropriate office of state government, an internet web site



## COMPLETE TEXT OF Initiative Measure 790 (cont.)

providing for interactive communication with state government, members and beneficiaries of the plan, and the public.

(3) A quorum of the board is six board members. All board actions require six concurring votes.

(4) The decisions of the board shall be made in good faith and are final, binding, and conclusive on all parties. The decisions of the board shall be subject to judicial review as provided by law.

(5) A law enforcement officers' and fire fighters' retirement system plan 2 expense fund is established for the purpose of defraying the expenses of the board. The board shall cause an annual budget to be prepared consistent with the requirements of chapter 43.88 RCW and shall draw the funding for the budget from the investment income of the trust. Board members shall be reimbursed for travel and education expenses as provided in RCW 43.03.050 and 43.03.060. The board shall make an annual report to the governor, legislature, and state auditor setting forth a summary of the costs and expenditures of the plan for the preceding year. The board shall also retain the services of an independent, certified public accountant who shall annually audit the expenses of the fund and whose report shall be included in the board's annual report.

**NEW SECTION. Sec. 6. CONTRIBUTIONS.** (1) The board of trustees shall establish contributions as set forth in this section. The cost of the minimum benefits as defined in this plan shall be funded on the following ratio:

Employee contributions	50%
Employer contributions	30%
State contributions	20%

(2) The minimum benefits shall constitute a contractual obligation of the state and the contributing employers and may not be reduced below the levels in effect on July 1, 2003. The state and the contributing employers shall maintain the minimum benefits on a sound actuarial basis in accordance with the actuarial standards adopted by the board.

(3) Increased benefits created as provided for in section 5 of this act are granted on a basis not to exceed the contributions provided for in this section. In addition to the contributions necessary to maintain the minimum benefits, for any increased benefits provided for by the board, the employee contribution shall not exceed fifty percent of the actuarial cost of the benefit. In no instance shall the employee cost exceed ten percent of covered payroll without the consent of a majority of the affected employees. Employer contributions shall not exceed thirty percent of the cost, but in no instance shall the employer contribution exceed six percent of covered payroll. State contributions shall not exceed twenty percent of the cost, but in no instance shall the state contribution exceed four percent of covered payroll. Employer contributions may not be increased above the maximum under this section without the consent of the governing body of the employer. State contributions may not be increased above the maximum provided for in this section without the consent of the legislature. In the event that the cost of maintaining the increased benefits on a sound actuarial basis

exceeds the aggregate contributions provided for in this section, the board shall submit to the affected members of the plan the option of paying the increased costs or of having the increased benefits reduced to a level sufficient to be maintained by the aggregate contributions. The reduction of benefits in accordance with this section shall not be deemed a violation of the contractual rights of the members, provided that no reduction may result in benefits being lower than the level of the minimum benefits.

(4) The board shall manage the trust in a manner that maintains reasonable contributions and administrative costs. Providing additional benefits to members and beneficiaries is the board's priority.

(5) All earnings of the trust in excess of the actuarially assumed rate of investment return shall be used exclusively for additional benefits for members and beneficiaries.

**NEW SECTION. Sec. 7. NONAPPLICABILITY OF JOINT COMMITTEE ON PENSION POLICY AND PENSION FUNDING COUNCIL.** The joint committee on pension policy established in RCW 44.44.050, and the pension funding council created in RCW 41.45.100, shall have no applicability or authority over matters relating to this plan.

**NEW SECTION. Sec. 8. ASSET MANAGEMENT.** Assets of the plan shall be managed by the state investment board as provided by law.

**NEW SECTION. Sec. 9. SEVERABILITY.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

**NEW SECTION. Sec. 10. CAPTIONS NOT LAW.** Captions used in this act are not any part of the law.

**NEW SECTION. Sec. 11. IMPLEMENTING LEGISLATION.** The department of retirement systems and the office of the state actuary shall prepare and submit to the fiscal committees of the legislature by January 15, 2003, proposed legislation for implementing this act.

**NEW SECTION. Sec. 12. CODIFICATION.** Sections 1 through 9 of this act are each added to chapter 41.26 RCW.

**NEW SECTION. Sec. 13. EFFECTIVE DATE.** Except for section 11 of this act, the remainder of this act takes effect July 1, 2003.



## COMPLETE TEXT OF Referendum Measure 53

Sec. 5. RCW 50.24.010 and 2000 c 2 s 2 are each amended to read as follows:

(1) Contributions shall accrue and become payable by each employer (except employers as described in RCW 50.44.010 who have properly elected to make payments in lieu of con-



## COMPLETE TEXT OF Referendum Measure 53 (cont.)

tributions and those employers who are required to make payments in lieu of contributions) for each calendar year in which the employer is subject to this title at the rate established pursuant to chapter 50.29 RCW.

(2) In each rate year, the amount of wages subject to tax for each individual shall be one hundred fifteen percent of the amount of wages subject to tax for the previous year rounded to the next lower one hundred dollars, except that:

(a) For employers assigned under RCW 50.29.025 to rate class 1 through 18, the amount of wages subject to tax in any rate year shall not exceed eighty percent of the "average annual wage for contributions purposes" for the second preceding calendar year rounded to the next lower one hundred dollars. ((However, the amount subject to tax shall be twenty-four thousand three hundred dollars for rate year 2000.))

(b) For employers assigned under RCW 50.29.025 to rate class 19 through 20E, and contribution paying employers not qualified to be in the array under RCW 50.29.025(6), the amount of wages subject to tax:

(i) For rate year 2003, shall not exceed eighty-five percent of the "average annual wage for contributions purposes" for the second preceding calendar year rounded to the next lower one hundred dollars.

(ii) For rate year 2004 and thereafter, shall not exceed ninety percent of the "average annual wage for contributions purposes" for the second preceding calendar year rounded to the next lower one hundred dollars.

(3) In making computations under this section and RCW 50.29.010, wages paid based on services for employers making payments in lieu of contributions shall not be considered remuneration. Moneys paid from the fund, based on services performed for employers who make payments in lieu of contributions, which have not been reimbursed to the fund as of any June 30 shall be deemed an asset of the unemployment compensation fund, to the extent that such moneys exceed the amount of payments in lieu of contributions which the commissioner has previously determined to be uncollectible: PROVIDED, FURTHER, That the amount attributable to employment with the state shall also include interest as provided for in RCW 50.44.020.

(4)(a) Contributions shall become due and be paid by each employer to the treasurer for the unemployment compensation fund in accordance with such regulations as the commissioner may prescribe, and shall not be deducted, in whole or in part, from the remuneration of individuals in employment of the employer. Any deduction in violation of the provisions of this section shall be unlawful.

(b) In the payment of any contributions, a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to one cent.

Sec. 7. RCW 50.29.025 and 2000 c 2 s 4 are each amended to read as follows: The contribution rate for each employer subject to contributions under RCW 50.24.010 shall be determined under this section.

(1) A fund balance ratio shall be determined by dividing the balance in the unemployment compensation fund as of the September 30th immediately preceding the rate year by the total remuneration paid by all employers subject to contributions during the second calendar year preceding the rate year and reported to the department by the following March 31st. The division shall be carried to the fourth decimal place with the remaining fraction, if any, disregarded. The fund balance ratio shall be expressed as a percentage.

(2) The interval of the fund balance ratio, expressed as a percentage, shall determine which tax schedule in subsection (5) of this section shall be in effect for assigning tax rates for the rate year, except that during rate year 2004 tax schedule C shall be in effect unless a lower tax schedule is determined to be in effect by the interval of the fund balance ratio. The intervals for determining the effective tax schedule shall be:

Interval of the Fund Balance Ratio Expressed as a Percentage	Effective Tax Schedule
2.90 and above	AA
2.10 to 2.89	A
1.70 to 2.09	B
1.40 to 1.69	C
1.00 to 1.39	D
0.70 to 0.99	E
Less than 0.70	F

(3) An array shall be prepared, listing all qualified employers in ascending order of their benefit ratios. The array shall show for each qualified employer: (a) identification number; (b) benefit ratio; (c) taxable payrolls for the four calendar quarters immediately preceding the computation date and reported to the department by the cut-off date; (d) a cumulative total of taxable payrolls consisting of the employer's taxable payroll plus the taxable payrolls of all other employers preceding him or her in the array; and (e) the percentage equivalent of the cumulative total of taxable payrolls.

(4) Each employer in the array shall be assigned to one of twenty rate classes according to the percentage intervals of cumulative taxable payrolls set forth in subsection (5) of this section: PROVIDED, That if an employer's taxable payroll falls within two or more rate classes, the employer and any other employer with the same benefit ratio shall be assigned to the lowest rate class which includes any portion of the employer's taxable payroll.

(5) (a) Except as provided in RCW 50.29.026 and sections 9 and 10 of this act the contribution rate for each employer in the array shall be the rate specified in the following tables for





# COMPLETE TEXT OF Referendum Measure 53 (cont.)

the rate class to which he or she has been assigned, as determined under subsection (4) of this section, within the tax schedule which is to be in effect during the rate year:

((Percent of Cumulative Schedules of Contributions

Taxable Payrolls for Effective Tax Schedule Rate

Rate

From	To	Class	AA	A	B	C	D	E	F
0.00	5.00	1	0.47	0.47	0.57	0.97	1.47	1.87	2.47
5.01	10.00	2	0.47	0.47	0.77	1.17	1.67	2.07	2.67
10.01	15.00	3	0.57	0.57	0.97	1.37	1.77	2.27	2.87
15.01	20.00	4	0.57	0.73	1.11	1.51	1.90	2.40	2.98
20.01	25.00	5	0.72	0.92	1.30	1.70	2.09	2.59	3.08
25.01	30.00	6	0.91	1.11	1.49	1.89	2.29	2.69	3.18
30.01	35.00	7	1.00	1.29	1.69	2.08	2.48	2.88	3.27
35.01	40.00	8	1.19	1.48	1.88	2.27	2.67	3.07	3.47
40.01	45.00	9	1.37	1.67	2.07	2.47	2.87	3.27	3.66
45.01	50.00	10	1.56	1.86	2.26	2.66	3.06	3.46	3.86
50.01	55.00	11	1.84	2.14	2.45	2.85	3.25	3.66	3.95
55.01	60.00	12	2.03	2.33	2.64	3.04	3.44	3.85	4.15
60.01	65.00	13	2.22	2.52	2.83	3.23	3.64	4.04	4.34
65.01	70.00	14	2.40	2.71	3.02	3.43	3.83	4.24	4.54
70.01	75.00	15	2.68	2.90	3.21	3.62	4.02	4.43	4.63
75.01	80.00	16	2.87	3.09	3.69	3.81	4.22	4.53	4.73
80.01	85.00	17	3.27	3.47	3.77	4.17	4.57	4.87	4.97
85.01	90.00	18	3.67	3.87	4.17	4.57	4.87	4.97	5.17
90.01	95.00	19	4.07	4.27	4.57	4.97	5.07	5.17	5.37
95.01	100.00	20	5.40	5.40	5.40	5.40	5.40	5.40	5.40))

Percent of Schedules of Contribution Rates

Taxable Payrolls for Effective Tax Schedule

Rate

From	To	Class	AA	A	B	C	D	E	F
0.00	5.00	1	0.47	0.47	0.62	1.02	1.47	1.87	2.47
5.01	10.00	2	0.47	0.47	0.82	1.22	1.67	2.07	2.67
10.01	15.00	3	0.57	0.57	1.02	1.42	1.77	2.27	2.87
15.01	20.00	4	0.57	0.73	1.16	1.56	1.90	2.40	2.98
20.01	25.00	5	0.72	0.92	1.30	1.70	2.09	2.59	3.08
25.01	30.00	6	0.91	1.11	1.49	1.89	2.29	2.69	3.18
30.01	35.00	7	1.00	1.29	1.69	2.08	2.48	2.88	3.27
35.01	40.00	8	1.19	1.48	1.88	2.27	2.67	3.07	3.47
40.01	45.00	9	1.37	1.67	2.07	2.47	2.87	3.27	3.66
45.01	50.00	10	1.56	1.86	2.26	2.66	3.06	3.46	3.86
50.01	55.00	11	1.84	2.14	2.45	2.85	3.25	3.66	3.95
55.01	60.00	12	2.03	2.33	2.64	3.04	3.44	3.85	4.15
60.01	65.00	13	2.22	2.52	2.83	3.23	3.64	4.04	4.34
65.01	70.00	14	2.40	2.71	3.02	3.43	3.83	4.24	4.54
70.01	75.00	15	2.68	2.90	3.21	3.62	4.02	4.43	4.63
75.01	80.00	16	2.87	3.09	3.42	3.81	4.22	4.53	4.73
80.01	85.00	17	3.27	3.47	3.77	4.17	4.57	4.87	4.97
85.01	90.00	18	3.67	3.87	4.17	4.57	4.87	4.97	5.17
90.01	95.00	19	4.10	4.30	4.60	5.00	5.10	5.20	5.40
95.01	100.00	20							

20A	5.40	5.40	5.40	5.40	5.40	5.55	5.60
20B	5.40	5.45	5.50	5.55	5.60	5.65	5.70
20C	5.50	5.55	5.60	5.65	5.70	5.75	5.80
20D	5.60	5.65	5.70	5.75	5.80	5.85	5.90
20E	5.70	5.75	5.80	5.85	5.90	5.95	6.00

(a) (b) Employers assigned to rate class 20 shall be assigned to one of the rate classes 20A through E as follows:

(b) (i) Employers with a benefit ratio of less than 0.054000 shall be assigned to rate class 20A:

(c) (ii) Employers with a benefit ratio of less than 0.054000 but less than 0.063000 shall be assigned to rate class 20B:

(d) (iii) Employers with a benefit ratio of at least 0.063000 but less than 0.068000 shall be assigned to rate class 20C:

(e) (iv) Employers with a benefit ratio of at least 0.068000 but less than 0.075000 shall be assigned to rate class 20D:  
and

(f) (v) Employers with a benefit ratio of 0.075000 or higher shall be assigned to rate class 20E:

(g) (c) The maximum contribution rate for employers whose standard industrial classification code is within major group "01," "02," or "07" or is code "5148," or the equivalent code in the North American Industry Classification System code, may not exceed the rate in rate class 20A for the applicable rate year.

(h) (6) Except as provided in Sections 9 and 10 of this act, the contribution rate for each employer not qualified to be in the array shall be as follows:

(i) (a) For all other employers not qualified to be in the array, the contribution rate shall be a rate equal to the average industry rate as determined by the commissioner; however, the rate may not be less than one percent. Assignment of employers by the commissioner to industrial classification, for purposes of this section, shall be in accordance with established classification practices found in the "Standard Industrial Classification Manual" issued by the federal office of management and budget to the third digit provided in the standard industrial classification code, or in the North American industry classification system code.

Sec. 8. RCW 50.29.025 and 2000 c 2 s 4 are each amended to read as follows: The contribution rate for each employer subject to contributions under RCW 50.24.010 shall be determined under this section.

(1) A fund balance ratio shall be determined by dividing the balance in the unemployment compensation fund as of the September 30th immediately preceding the rate year by the total remuneration paid by all employers subject to contributions during the second calendar year preceding the rate year and reported to the department by the following March 31st. The division shall be carried to the fourth decimal place with the remaining fraction, if any, disregarded. The fund balance ratio shall be expressed as a percentage.



# **COMPLETE TEXT OF Referendum Measure 53 (cont.)**

(2) The interval of the fund balance ratio, expressed as a percentage, shall determine which tax schedule in subsection (5) of this section shall be in effect for assigning tax rates for the rate year. The intervals for determining the effective tax schedule shall be:

Interval of the Fund Balance Ratio Expressed as a Percentage	Effective Tax Schedule
2.90 and above	AA
2.10 to 2.89	A
1.70 to 2.09	B
1.40 to 1.69	C
1.00 to 1.39	D
0.70 to 0.99	E
Less than 0.70	F

(3) An array shall be prepared, listing all qualified employers in ascending order of their benefit ratios. The array shall show for each qualified employer: (a) Identification number; (b) benefit ratio; (c) taxable payrolls for the four calendar quarters immediately preceding the computation date and reported to the department by the cut-off date; (d) a cumulative total of taxable payrolls consisting of the employer's taxable payroll plus the taxable payrolls of all other employers preceding him or her in the array; and (e) the percentage equivalent of the cumulative total of taxable payrolls.

(4) Each employer in the array shall be assigned to one of twenty rate classes according to the percentage intervals of cumulative taxable payrolls set forth in subsection (5) of this section: PROVIDED, That if an employer's taxable payroll falls within two or more rate classes, the employer and any other employer with the same benefit ratio shall be assigned to the lowest rate class which includes any portion of the employer's taxable payroll.

(5) (a) Except as provided in RCW 50.29.026 and sections 9 and 10 of this act, the contribution rate for each employer in the array shall be the rate specified in the following tables for the rate class to which he or she has been assigned, as determined under subsection (4) of this section, within the tax schedule which is to be in effect during the rate year:

~~((Percent of Cumulative Schedules of Contributions~~

~~Taxable Payrolls~~ ~~for Effective Tax Schedule Rate~~  
~~Rate~~

From To	Class	AA	A	B	C	D	E	F
0.00 5.00	1	0.47	0.47	0.57	0.97	1.47	1.87	2.47
5.01 10.00	2	0.47	0.47	0.77	1.17	1.67	2.07	2.67
10.01 15.00	3	0.57	0.57	0.97	1.37	1.77	2.27	2.87
15.01 20.00	4	0.57	0.73	1.11	1.51	1.90	2.40	2.98
20.01 25.00	5	0.72	0.92	1.30	1.70	2.09	2.59	3.08

25.01 30.00	6	0.91	1.11	1.49	1.89	2.29	2.69	3.18
30.01 35.00	7	1.00	1.29	1.69	2.08	2.48	2.88	3.27
35.01 40.00	8	1.19	1.48	1.88	2.27	2.67	3.07	3.47
40.01 45.00	9	1.37	1.67	2.07	2.47	2.87	3.27	3.66
45.01 50.00	10	1.56	1.86	2.26	2.66	3.06	3.46	3.86
50.01 55.00	11	1.84	2.14	2.45	2.85	3.25	3.66	3.95
55.01 60.00	12	2.03	2.33	2.64	3.04	3.44	3.85	4.15
60.01 65.00	13	2.22	2.52	2.83	3.23	3.64	4.04	4.34
65.01 70.00	14	2.40	2.71	3.02	3.43	3.83	4.24	4.54
70.01 75.00	15	2.68	2.90	3.21	3.62	4.02	4.43	4.63
75.01 80.00	16	2.87	3.09	3.69	3.81	4.22	4.53	4.73
80.01 85.00	17	3.27	3.47	3.77	4.17	4.57	4.87	4.97
85.01 90.00	18	3.67	3.87	4.17	4.57	4.87	4.97	5.17
90.01 95.00	19	4.07	4.27	4.57	4.97	5.07	5.17	5.37
95.01 100.00	20	5.40	5.40	5.40	5.40	5.40	5.40	5.40))

~~Percent of Cumulative Schedules of Contribution Rates~~

~~Taxable Payrolls~~ ~~for Effective Tax Schedule~~  
~~Rate~~

From To	Class	AA	A	B	C	D	E	F
0.00 5.00	1	0.47	0.47	0.62	1.02	1.47	1.87	2.47
5.01 10.00	2	0.47	0.47	0.82	1.22	1.67	2.07	2.67
10.01 15.00	3	0.57	0.57	1.02	1.42	1.77	2.27	2.87
15.01 20.00	4	0.57	0.73	1.14	1.54	1.90	2.40	2.98
20.01 25.00	5	0.72	0.92	1.30	1.70	2.09	2.59	3.08
25.01 30.00	6	0.91	1.03	1.44	1.89	2.29	2.69	3.18
30.01 35.00	7	1.00	1.17	1.61	2.08	2.48	2.88	3.27
35.01 40.00	8	1.19	1.35	1.79	2.27	2.67	3.07	3.47
40.01 45.00	9	1.37	1.52	1.97	2.47	2.87	3.27	3.66
45.01 50.00	10	1.56	1.69	2.15	2.66	3.06	3.46	3.86
50.01 55.00	11	1.84	1.95	2.33	2.85	3.25	3.66	3.95
55.01 60.00	12	2.03	2.12	2.51	3.04	3.44	3.85	4.15
60.01 65.00	13	2.22	2.29	2.69	3.23	3.64	4.04	4.34
65.01 70.00	14	2.40	2.47	2.87	3.43	3.83	4.24	4.54
70.01 75.00	15	2.64	2.68	3.05	3.62	4.02	4.43	4.63
75.01 80.00	16	2.81	2.87	3.25	3.81	4.22	4.53	4.73
80.01 85.00	17	3.27	3.30	3.58	4.17	4.57	4.87	4.97
85.01 90.00	18	3.67	3.87	4.17	4.57	4.87	4.97	5.17
90.01 95.00	19	4.10	4.30	4.60	5.00	5.10	5.20	5.40
95.01 100.00	20							
	20A	5.40	5.40	5.40	5.40	5.40	5.55	5.60
	20B	5.40	5.45	5.50	5.55	5.60	5.65	5.70
	20C	5.50	5.55	5.60	5.65	5.70	5.75	5.80
	20D	5.60	5.65	5.70	5.75	5.80	5.85	5.90
	20E	5.70	5.75	5.80	5.85	5.90	5.95	6.00

(b) Employers assigned to rate class 20 shall be assigned to one of the rate classes 20A through E as follows:

(i) Employers with a benefit ratio of less than 0.054000 shall be assigned to rate class 20A;

(ii) Employers with a benefit ratio of at least 0.054000 but less than 0.063000 shall be assigned to rate class 20B;

(iii) Employers with a benefit ratio of at least 0.063000 but less than 0.068000 shall be assigned to rate class 20C;

(iv) Employers with a benefit ratio of at least 0.068000 but



## COMPLETE TEXT OF Referendum Measure 53 (cont.)

less than 0.075000 shall be assigned to rate class 20D; and

(v) Employers with a benefit ratio of 0.075000 or higher shall be assigned to rate class 20E.

(b) The maximum contribution rate for employers whose standard industrial classification code is within major group "01," "02," or "07," or is code "5148," or the equivalent code in the North American industry classification system code, may not exceed the rate in rate class 20A for the applicable rate year.

(6) Except as provided in sections 9 and 10 of this act, the contribution rate for each employer not qualified to be in the array shall be as follows:

(a) Employers who do not meet the definition of "qualified employer" by reason of failure to pay contributions when due shall be assigned a contribution rate two-tenths higher than that in rate class 20E for the applicable rate year, except employers who have an approved agency-deferred payment contract by September 30 of the previous rate year. If any employer with an approved agency-deferred payment contract fails to make any one of the succeeding deferred payments or fails to submit any succeeding tax report and payment in a timely manner, the employer's tax rate shall immediately revert to a contribution rate two-tenths higher than that in rate class 20E for the applicable rate year; and

(b) For all other employers not qualified to be in the array, the contribution rate shall be a rate equal to the average industry rate as determined by the commissioner; however, the rate may not be less than one percent. Assignment of employers by the commissioner to industrial classification, for purposes of this section, shall be in accordance with established classification practices found in the "Standard Industrial Classification Manual" issued by the federal office of management and budget to the third digit provided in the standard industrial classification code, or in the North American industry classification system code.

**NEW SECTION.** Sec. 10. A new section is added to chapter 50.29 RCW to read as follows:

(1) Beginning with contributions assessed for rate year 2005, the contribution rate of each employer subject to contributions under RCW 50.24.010 shall include, in addition to the contribution rate under RCW 50.29.025, an equity surcharge as determined under this section if the employer's experience rating account has ineffective charges in at least three of the four completed fiscal years immediately preceding the computation date. The commissioner shall determine the equity surcharge rate for a rate year for each applicable employer as follows:

(a) If the employer's net ineffective charges are equal to or less than zero, no equity surcharge is applicable to the em-

ployer. If the employer's net ineffective charges are greater than zero, an equity surcharge is applicable to the employer.

(b) An employer's equity surcharge rate for a rate year is equal to the net ineffective charges divided by the employer's taxable payroll, expressed as a percentage.

(2) The equity surcharge may not exceed four-tenths of one percent, except that for any given rate year the maximum surcharge is six-tenths of one percent if the commissioner determines that the total ineffective charges in the completed fiscal year immediately preceding the computation date is greater than fifteen percent of the total benefits paid in that fiscal year.

(3) This section does not apply to an employer in rate class 20A through 20E whose assigned standard industrial classification code is within major group "09" or is "203," or the equivalent codes in the North American industry classification system code.

(4) For purposes of this section:

(a) "Ineffective charges" means the dollar amount charged in the previous four completed fiscal years to an employer's experience rating account attributable to unemployment benefits paid to claimants that exceed the contributions paid by the respective employer in those four fiscal years.

(b) "Net ineffective charges" means the sum of the employer's ineffective charges as defined in (a) of this subsection reduced by the employer's estimated contributions.

(c) "Estimated contributions" means the employer's taxable payroll multiplied by the employer's contribution rate assigned under RCW 50.29.025 for the next applicable rate year.

(d) "Taxable payroll" means the amount of wages subject to tax for the employer as determined under RCW 50.24.010 in the completed fiscal year immediately preceding the computation date.

Sec. 12. RCW 50.29.062 and 1996 c 238 s 1 are each amended to read as follows: Predecessor and successor employer contribution rates shall be computed in the following manner:

(1) If the successor is an employer, as defined in RCW 50.04.080, at the time of the transfer, its contribution rate shall remain unchanged for the remainder of the rate year in which the transfer occurs. From and after January 1 following the transfer, the successor's contribution rate for each rate year shall be based on its experience with payrolls and benefits including the experience of the acquired business or portion of a business from the date of transfer, as of the regular computation date for that rate year.

(2) If the successor is not an employer at the time of the transfer, it shall pay contributions at the lowest rate determined under either of the following:

(a)(i) For transfers before January 1, 1997, the contribution



## COMPLETE TEXT OF Referendum Measure 53 (cont.)

rate of the rate class assigned to the predecessor employer at the time of the transfer for the remainder of that rate year and continuing until the successor qualifies for a different rate in its own right;

(ii) For transfers on or after January 1, 1997, the contribution rate of the rate class assigned to the predecessor employer at the time of the transfer for the remainder of that rate year. Any experience relating to the assignment of that rate class attributable to the predecessor is transferred to the successor. Beginning with the January 1 following the transfer, the successor's contribution rate shall be based on the transferred experience of the acquired business and the successor's experience after the transfer; or

(b) The contribution rate equal to the average industry rate as determined by the commissioner, but not less than one percent, and continuing until the successor qualifies for a different rate in its own right. Assignment of employers by the commissioner to industrial classification, for purposes of this subsection, must be in accordance with established classification practices found in the "Standard Industrial Classification Manual" issued by the federal office of management and budget to the third digit provided in the standard industrial classification code, or in the North American industry classification code system.

(3) If the successor is not an employer at the time of the transfer and simultaneously acquires the business or a portion of the business of two or more employers in different rate classes, its rate from the date the transfer occurred until the end of that rate year and until it qualifies in its own right for a new rate, shall be the highest rate class applicable at the time of the acquisition to any predecessor employer who is a party to the acquisition, but not less than one percent.

(4) If the successor is not an employer at the time of the transfer, the taxable wage base applicable to the predecessor employer at the time of the transfer shall continue to apply to the successor employer for the remainder of the rate year in which the transfer occurs.

(5) The contribution rate on any payroll retained by a predecessor employer shall remain unchanged for the remainder of the rate year in which the transfer occurs.

~~((5))~~ (6) In all cases, from and after January 1 following the transfer, the predecessor's contribution rate for each rate year shall be based on its experience with payrolls and benefits as of the regular computation date for that rate year including the experience of the acquired business or portion of business up to the date of transfer: PROVIDED, That if all of the predecessor's business is transferred to a successor or successors, the predecessor shall not be a qualified employer until it satisfies the requirements of a "qualified employer" as set forth in RCW 50.29.010.

In addition to contributions at rates computed under this section, predecessor and successor employers are subject to contributions under rates computed as provided in sections 9 and 10 of this act.

Sec. 13. RCW 50.24.014 and 2000 c 2 s 15 are each amended to read as follows:

(1)(a) A separate and identifiable account to provide for the financing of special programs to assist the unemployed is established in the administrative contingency fund. Contributions to this account shall accrue and become payable by each employer, except employers as described in RCW 50.44.010 and 50.44.030 who have properly elected to make payments in lieu of contributions, taxable local government employers as described in RCW 50.44.035, and those employers who are required to make payments in lieu of contributions, at a basic rate of two one-hundredths of one percent. The amount of wages subject to tax shall be determined under RCW 50.24.010.

(b) A separate and identifiable account is established in the administrative contingency fund for financing the employment security department's administrative cost under RCW 50.22.150 ~~((and))~~, the costs under RCW 50.22.150(9), and the administrative cost under chapter . . . Laws of 2002 (this act). Contributions to this account shall accrue and become payable by each employer, except employers as described in RCW 50.44.010 and 50.44.030 who have properly elected to make payments in lieu of contributions, taxable local government employers as described in RCW 50.44.035, those employers who are required to make payments in lieu of contributions, those employers described under RCW 50.29.025(6)(b), and those qualified employers assigned one of the rate class es 20A through 20E under RCW 50.29.025, at a basic rate of one one-hundredth of one percent. The amount of wages subject to tax shall be determined under RCW 50.24.010. ~~((Any amount of contributions payable under this subsection (1)(b) that exceeds the amount that would have been collected at a rate of four one-thousandths of one percent must be deposited in the unemployment compensation trust fund.))~~

(c) For the first calendar quarter of 1994 only, the basic two one-hundredths of one percent contribution payable under (a) of this subsection shall be increased by one-hundredth of one percent to a total rate of three one-hundredths of one percent. The proceeds of this incremental one-hundredth of one percent shall be used solely for the purposes described in section 22, chapter 483, Laws of 1993, and for the purposes of conducting an evaluation of the call center approach to unemployment insurance under section 5, chapter 161, Laws of 1998. During the 1997-1999 fiscal biennium, any surplus from contributions payable under this subsection (c) may be deposited in the unemployment compensation trust fund, used to support tax and wage automated systems projects that simplify and streamline employer reporting, or both.



# COMPLETE TEXT OF Referendum Bill 51

AN ACT Relating to transportation improvement and financing; amending RCW 44.40.010, 44.40.013, 44.40.015, 44.40.020, 44.40.025, 44.40.030, 44.40.040, 44.40.070, 44.40.090, 44.40.100, 44.40.140, 44.40.150, 46.16.070, 46.68.035, 82.38.030, 82.38.035, 82.38.045, 82.38.047, 82.38.075, 46.09.170, 46.10.170, 79A.25.070, 82.08.020, 82.12.020, 82.12.045, and 39.42.060; reenacting and amending RCW 43.84.092, 82.36.025, 46.68.090, and 46.68.110; adding new sections to chapter 44.40 RCW; adding a new section to chapter 46.04 RCW; adding a new section to chapter 46.68 RCW; adding a new section to chapter 47.26 RCW; adding a new section to chapter 43.135 RCW; adding a new section to chapter 82.32 RCW; adding new sections to chapter 47.10 RCW; creating new sections; providing effective dates; providing a contingent effective date; providing for submission of certain sections of this act to a vote of the people; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

## PART I - ACCOUNTABILITY FOR TRANSPORTATION PROJECTS AND PROGRAMS

**NEW SECTION. Sec. 101.** It is essential that the legislature improve the accountability and efficiency of the department of transportation. Taxpayers must know that their tax dollars are being well spent to deliver critically needed transportation projects. To accomplish this, a transportation accountability process must be established to provide oversight on transportation projects. The legislative transportation accountability committee will replace and assume the duties and responsibilities of the legislative transportation committee and, additionally, in conjunction with an independent transportation accountability board, report to the public on how tax dollars are spent on projects funded by new transportation taxes under this act.

## PART II - LICENSE FEES

**NEW SECTION. Sec. 201.** A new section is added to chapter 46.04 RCW to read as follows:

"Gross weight portion of the current combined licensing fees" means the amounts listed in RCW 46.16.070, Schedule A, less twenty-five dollars and seventy-five cents, and the amounts listed in Schedule B, less twenty-five dollars and seventy-five cents and less an additional ninety dollars if the requested gross weight is over forty thousand pounds.

**Sec. 202.** RCW 46.16.070 and 1994 c 262 s 8 are each amended to read as follows:

(1) In lieu of all other vehicle licensing fees, unless specifically exempt, and in addition to ((the excise tax prescribed in chapter 82.44 RCW and)) the mileage fees prescribed for buses and stages in RCW 46.16.125, there shall be paid and collected annually for each truck, motor truck, truck tractor, road tractor, tractor, bus, auto stage, or for hire vehicle with seating capacity of more than six, based upon the declared combined gross weight or declared gross weight ((thereof pursuant to

the provisions of)) under chapter 46.44 RCW, the following licensing fees by such gross weight:

DECLARED GROSS WEIGHT	SCHEDULE A	SCHEDULE B
4,000 lbs. . .	\$37.00 . . .	\$37.00
6,000 lbs. . .	\$44.00 . . .	\$44.00
8,000 lbs. . .	\$55.00 . . .	\$55.00
10,000 lbs. . .	\$62.00 . . .	\$62.00
12,000 lbs. . .	\$72.00 . . .	\$72.00
14,000 lbs. . .	\$82.00 . . .	\$82.00
16,000 lbs. . .	\$92.00 . . .	\$92.00
18,000 lbs. . .	\$137.00 . . .	\$137.00
20,000 lbs. . .	\$152.00 . . .	\$152.00
22,000 lbs. . .	\$164.00 . . .	\$164.00
24,000 lbs. . .	\$177.00 . . .	\$177.00
26,000 lbs. . .	\$187.00 . . .	\$187.00
28,000 lbs. . .	\$220.00 . . .	\$220.00
30,000 lbs. . .	\$253.00 . . .	\$253.00
32,000 lbs. . .	\$304.00 . . .	\$304.00
34,000 lbs. . .	\$323.00 . . .	\$323.00
36,000 lbs. . .	\$350.00 . . .	\$350.00
38,000 lbs. . .	\$384.00 . . .	\$384.00
40,000 lbs. . .	\$439.00 . . .	\$439.00
42,000 lbs. . .	\$456.00 . . .	\$546.00
44,000 lbs. . .	\$466.00 . . .	\$556.00
46,000 lbs. . .	\$501.00 . . .	\$591.00
48,000 lbs. . .	\$522.00 . . .	\$612.00
50,000 lbs. . .	\$566.00 . . .	\$656.00
52,000 lbs. . .	\$595.00 . . .	\$685.00
54,000 lbs. . .	\$642.00 . . .	\$732.00
56,000 lbs. . .	\$677.00 . . .	\$767.00
58,000 lbs. . .	\$704.00 . . .	\$794.00
60,000 lbs. . .	\$750.00 . . .	\$840.00
62,000 lbs. . .	\$804.00 . . .	\$894.00
64,000 lbs. . .	\$822.00 . . .	\$912.00
66,000 lbs. . .	\$915.00 . . .	\$1,005.00
68,000 lbs. . .	\$954.00 . . .	\$1,044.00
70,000 lbs. . .	\$1,027.00 . . .	\$1,117.00
72,000 lbs. . .	\$1,098.00 . . .	\$1,188.00
74,000 lbs. . .	\$1,193.00 . . .	\$1,283.00
76,000 lbs. . .	\$1,289.00 . . .	\$1,379.00
78,000 lbs. . .	\$1,407.00 . . .	\$1,497.00
80,000 lbs. . .	\$1,518.00 . . .	\$1,608.00
82,000 lbs. . .	\$1,623.00 . . .	\$1,713.00
84,000 lbs. . .	\$1,728.00 . . .	\$1,818.00
86,000 lbs. . .	\$1,833.00 . . .	\$1,923.00
88,000 lbs. . .	\$1,938.00 . . .	\$2,028.00
90,000 lbs. . .	\$2,043.00 . . .	\$2,133.00
92,000 lbs. . .	\$2,148.00 . . .	\$2,238.00
94,000 lbs. . .	\$2,253.00 . . .	\$2,343.00
96,000 lbs. . .	\$2,358.00 . . .	\$2,448.00
98,000 lbs. . .	\$2,463.00 . . .	\$2,553.00
100,000 lbs. . .	\$2,568.00 . . .	\$2,658.00
102,000 lbs. . .	\$2,673.00 . . .	\$2,763.00
104,000 lbs. . .	\$2,778.00 . . .	\$2,868.00
105,500 lbs. . .	\$2,883.00 . . .	\$2,973.00

Schedule A applies to vehicles either used exclusively for hauling logs or that do not tow trailers. Schedule B applies to vehicles that tow trailers and are not covered under Schedule A.





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(2) Every truck, motor truck, truck tractor, and tractor exceeding 6,000 pounds empty scale weight registered under chapter 46.16, 46.87, or 46.88 RCW shall be licensed for not less than one hundred fifty percent of its empty weight unless the amount would be in excess of the legal limits prescribed for such a vehicle in RCW 46.44.041 or 46.44.042, in which event the vehicle shall be licensed for the maximum weight authorized for such a vehicle or unless the vehicle is used only for the purpose of transporting any well drilling machine, air compressor, rock crusher, conveyor, hoist, donkey engine, cook house, tool house, bunk house, or similar machine or structure attached to or made a part of such vehicle.

(3)(a) Beginning with all motor vehicle registrations that are due or become due on January 1, 2003, there will be paid and collected annually a fifteen percent surcharge on the gross weight portion of the combined licensing fees in effect January 1, 2002, for vehicles with a licensed gross weight over ten thousand pounds.

(b) Beginning with all motor vehicle registrations that are due or become due on January 1, 2004, and thereafter, there will be paid and collected annually a thirty percent surcharge on the gross weight portion of the combined licensing fees in effect January 1, 2002, for vehicles with a licensed gross weight over ten thousand pounds.

(4) The following provisions apply when increasing gross or combined gross weight for a vehicle licensed under this section:

(a) The new license fee will be one-twelfth of the fee listed above for the new gross weight, multiplied by the number of months remaining in the period for which licensing fees have been paid, including the month in which the new gross weight is effective.

(b) Upon surrender of the current certificate of registration or cab card, the new licensing fees due shall be reduced by the amount of the licensing fees previously paid for the same period for which new fees are being charged.

~~((2))~~ (5) The proceeds from the fees collected under ~~((sub-section (1) of))~~ this section shall be distributed in accordance with RCW 46.68.035.

**Sec. 203.** RCW 46.68.035 and 2000 2nd sp.s. c 4 s 8 are each amended to read as follows:

All proceeds from combined vehicle licensing fees received by the director for vehicles licensed under RCW 46.16.070 and 46.16.085 shall be forwarded to the state treasurer to be distributed into accounts according to the following method:

(1) The sum of two dollars for each vehicle shall be deposited into the multimodal transportation account, except that for each vehicle registered by a county auditor or agent to a county auditor pursuant to RCW 46.01.140, the sum of two dollars shall be credited to the current county expense fund.

(2) The proceeds from the surcharge collected under RCW 46.16.070(3) must be deposited into the motor vehicle account.

(3) The remainder shall be distributed as follows:

(a) 23.677 percent shall be deposited into the state patrol highway account of the motor vehicle fund;

(b) 1.521 percent shall be deposited into the Puget Sound

ferry operations account of the motor vehicle fund; and  
(c) The remaining proceeds shall be deposited into the motor vehicle fund.

**NEW SECTION. Sec. 204.** A new section is added to chapter 46.68 RCW to read as follows:

The freight mobility account is created in the state treasury. Money in the account may be spent only after appropriation. Expenditures from the account may be used only for the purpose of roadway improvement projects to facilitate freight movement.

**Sec. 205.** RCW 43.84.092 and 2001 2nd sp.s. c 14 s 608, 2001 c 273 s 6, 2001 c 141 s 3, and 2001 c 80 s 5 are each reenacted and amended to read as follows:

(1) All earnings of investments of surplus balances in the state treasury shall be deposited to the treasury income account, which account is hereby established in the state treasury.

(2) The treasury income account shall be utilized to pay or receive funds associated with federal programs as required by the federal cash management improvement act of 1990. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for refunds or allocations of interest earnings required by the cash management improvement act. Refunds of interest to the federal treasury required under the cash management improvement act fall under RCW 43.88.180 and shall not require appropriation. The office of financial management shall determine the amounts due to or from the federal government pursuant to the cash management improvement act. The office of financial management may direct transfers of funds between accounts as deemed necessary to implement the provisions of the cash management improvement act, and this subsection. Refunds or allocations shall occur prior to the distributions of earnings set forth in subsection (4) of this section.

(3) Except for the provisions of RCW 43.84.160, the treasury income account may be utilized for the payment of purchased banking services on behalf of treasury funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasury and affected state agencies. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.

(4) Monthly, the state treasurer shall distribute the earnings credited to the treasury income account. The state treasurer shall credit the general fund with all the earnings credited to the treasury income account except:

(a) The following accounts and funds shall receive their proportionate share of earnings based upon each account's and fund's average daily balance for the period: The capitol building construction account, the Cedar River channel construction and operation account, the Central Washington University capital projects account, the charitable, educational, penal and reformatory institutions account, the common school construction fund, the county criminal justice assistance account, the county sales and use tax equalization account, the data processing building construction account, the deferred compensation administrative account, the deferred compensation principal account, the department of retirement systems expense account, the drinking water assistance account, the drinking water assistance administrative account, the drinking water



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assistance repayment account, the Eastern Washington University capital projects account, the education construction fund, the emergency reserve fund, the federal forest revolving account, the health services account, the public health services account, the health system capacity account, the personal health services account, the state higher education construction account, the higher education construction account, the highway infrastructure account, the industrial insurance premium refund account, the judges' retirement account, the judicial retirement administrative account, the judicial retirement principal account, the local leasehold excise tax account, the local real estate excise tax account, the local sales and use tax account, the medical aid account, the mobile home park relocation fund, the multimodal transportation account, the municipal criminal justice assistance account, the municipal sales and use tax equalization account, the natural resources deposit account, the oyster reserve land account, the perpetual surveillance and maintenance account, the public employees' retirement system plan 1 account, the public employees' retirement system combined plan 2 and plan 3 account, the public health supplemental account, the Puyallup tribal settlement account, the resource management cost account, the site closure account, the special wildlife account, the state employees' insurance account, the state employees' insurance reserve account, the state investment board expense account, the state investment board commingled trust fund accounts, the supplemental pension account, the teachers' retirement system plan 1 account, the teachers' retirement system combined plan 2 and plan 3 account, the tobacco prevention and control account, the tobacco settlement account, the transportation infrastructure account, the tuition recovery trust fund, the University of Washington bond retirement fund, the University of Washington building account, the volunteer fire fighters' and reserve officers' relief and pension principal fund, the volunteer fire fighters' and reserve officers' administrative fund, the Washington fruit express account, the Washington judicial retirement system account, the Washington law enforcement officers' and fire fighters' system plan 1 retirement account, the Washington law enforcement officers' and fire fighters' system plan 2 retirement account, the Washington school employees' retirement system combined plan 2 and 3 account, the Washington state health insurance pool account, the Washington state patrol retirement account, the Washington State University building account, the Washington State University bond retirement fund, the water pollution control revolving fund, and the Western Washington University capital projects account. Earnings derived from investing balances of the agricultural permanent fund, the normal school permanent fund, the permanent common school fund, the scientific permanent fund, and the state university permanent fund shall be allocated to their respective beneficiary accounts. All earnings to be distributed under this subsection (4)(a) shall first be reduced by the allocation to the state treasurer's service fund pursuant to RCW 43.08.190.

(b) The following accounts and funds shall receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period:

The aeronautics account, the aircraft search and rescue account, the county arterial preservation account, the department of licensing services account, the essential rail assistance account, the ferry bond retirement fund, the freight mobility account, the grade crossing protective fund, the high capacity transportation account, the highway bond retirement fund, the highway safety account, the motor vehicle fund, the motorcycle safety education account, the pilotage account, the public transportation systems account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the recreational vehicle account, the rural arterial trust account, the safety and education account, the special category C account, the state patrol highway account, the transportation equipment fund, the transportation fund, the transportation improvement account, the transportation improvement board bond retirement account, and the urban arterial trust account.

(5) In conformance with Article II, section 37 of the state Constitution, no treasury accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

### PART III - FUEL TAX

**Sec. 301.** RCW 82.36.025 and 1999 c 269 s 16 and 1999 c 94 s 29 are each reenacted and amended to read as follows:

(1) A motor vehicle fuel tax rate of twenty-three cents per gallon (~~shall apply~~) applies to the sale, distribution, or use of motor vehicle fuel.

(2) Beginning January 1, 2003, an additional and cumulative motor fuel tax rate of five cents per gallon applies to the sale, distribution, or use of motor vehicle fuel.

(3) Beginning January 1, 2004, an additional and cumulative motor vehicle fuel tax rate of four cents per gallon applies to the sale, distribution, or use of motor vehicle fuel.

**Sec. 302.** RCW 82.38.030 and 2001 c 270 s 6 are each amended to read as follows:

(1) There is hereby levied and imposed upon special fuel users a tax at the rate (~~computed in the manner provided in RCW 82.36.025 on each~~) of twenty-three cents per gallon of special fuel, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature.

(2) Beginning January 1, 2003, an additional and cumulative tax rate of five cents per gallon of special fuel, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature shall be imposed on special fuel users.

(3) Beginning January 1, 2004, an additional and cumulative special fuel tax rate of four cents per gallon of special fuel, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature shall be imposed on special fuel users.

(4) The tax is imposed (~~(by subsection (1) of this section is imposed)~~) when:

(a) Special fuel is removed in this state from a terminal if the special fuel is removed at the rack unless the removal is to a licensed exporter for direct delivery to a destination outside of the state, or the removal is to a special fuel distributor for direct delivery to an international fuel tax agreement licensee under RCW 82.38.320;

(b) Special fuel is removed in this state from a refinery if either of the following applies:

(i) The removal is by bulk transfer and the refiner or the owner



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of the special fuel immediately before the removal is not a licensee; or

(ii) The removal is at the refinery rack unless the removal is to a licensed exporter for direct delivery to a destination outside of the state, or the removal is to a special fuel distributor for direct delivery to an international fuel tax agreement licensee under RCW 82.38.320;

(c) Special fuel enters into this state for sale, consumption, use, or storage if either of the following applies:

(i) The entry is by bulk transfer and the importer is not a licensee; or

(ii) The entry is not by bulk transfer;

(d) Special fuel is sold or removed in this state to an unlicensed entity unless there was a prior taxable removal, entry, or sale of the special fuel;

(e) Blended special fuel is removed or sold in this state by the blender of the fuel. The number of gallons of blended special fuel subject to tax is the difference between the total number of gallons of blended special fuel removed or sold and the number of gallons of previously taxed special fuel used to produce the blended special fuel;

(f) Dyed special fuel is used on a highway, as authorized by the internal revenue code, unless the use is exempt from the special fuel tax;

(g) Special fuel purchased by an international fuel tax agreement licensee under RCW 82.38.320 is used on a highway; and

(h) Special fuel is sold by a licensed special fuel supplier to a special fuel distributor, special fuel importer, or special fuel blender and the special fuel is not removed from the bulk transfer-terminal system.

((g)) (5) The tax imposed by this chapter, if required to be collected by the licensee, is held in trust by the licensee until paid to the department, and a licensee who appropriates or converts the tax collected to his or her own use or to any use other than the payment of the tax to the extent that the money required to be collected is not available for payment on the due date as prescribed in this chapter is guilty of a felony, or gross misdemeanor in accordance with the theft and anticipatory provisions of Title 9A RCW. A person, partnership, corporation, or corporate officer who fails to collect the tax imposed by this section, or who has collected the tax and fails to pay it to the department in the manner prescribed by this chapter, is personally liable to the state for the amount of the tax.

**Sec. 303.** RCW 46.68.090 and 1999 c 269 s 2 and 1999 c 94 s 6 are each reenacted and amended to read as follows:

(1) All moneys that have accrued or may accrue to the motor vehicle fund from the motor vehicle fuel tax and special fuel tax shall be first expended for purposes enumerated in (a) and (b) of this subsection. The remaining net tax amount shall be distributed monthly by the state treasurer in ~~((the proportions set forth in (c) through (h)))~~ accordance with subsections (2), (3), and (4) of this ((subsection)) section.

(a) For payment of refunds of motor vehicle fuel tax and special fuel tax that has been paid and is refundable as provided by law;

(b) For payment of amounts to be expended pursuant to

appropriations for the administrative expenses of the offices of state treasurer, state auditor, and the department of licensing of the state of Washington in the administration of the motor vehicle fuel tax and the special fuel tax, which sums shall be distributed monthly((:));

(2) All of the remaining net tax amount collected under RCW 82.36.025(1) and 82.38.030(1) shall be distributed as set forth in (a) through (i) of this subsection.

((e)) (a) For distribution to the motor vehicle fund an amount equal to 44.387 percent to be expended for highway purposes of the state as defined in RCW 46.68.130;

((d)) (b) For distribution to the special category C account, hereby created in the motor vehicle fund, an amount equal to 3.2609 percent to be expended for special category C projects. Special category C projects are category C projects that, due to high cost only, will require bond financing to complete construction.

The following criteria, listed in order of priority, shall be used in determining which special category C projects have the highest priority:

(i) Accident experience;

(ii) Fatal accident experience;

(iii) Capacity to move people and goods safely and at reasonable speeds without undue congestion; and

(iv) Continuity of development of the highway transportation network.

Moneys deposited in the special category C account in the motor vehicle fund may be used for payment of debt service on bonds the proceeds of which are used to finance special category C projects under this subsection ~~((1)(d))~~ (2)(b);

((e)) (c) For distribution to the Puget Sound ferry operations account in the motor vehicle fund an amount equal to 2.3283 percent;

((f)) (d) For distribution to the Puget Sound capital construction account in the motor vehicle fund an amount equal to 2.3726 percent;

((g)) (e) For distribution to the urban arterial trust account in the motor vehicle fund an amount equal to 7.5597 percent;

((h)) (f) For distribution to the transportation improvement account in the motor vehicle fund an amount equal to 5.6739 percent and expended in accordance with RCW 47.26.086;

((i)) (g) For distribution to the cities and towns from the motor vehicle fund an amount equal to 10.6961 percent in accordance with RCW 46.68.110;

((j)) (h) For distribution to the counties from the motor vehicle fund an amount equal to 19.2287 percent: (i) Out of which there shall be distributed from time to time, as directed by the department of transportation, those sums as may be necessary to carry out the provisions of RCW 47.56.725; and (ii) less any amounts appropriated to the county road administration board to implement the provisions of RCW 47.56.725(4), with the balance of such county share to be distributed monthly as the same accrues for distribution in accordance with RCW 46.68.120;

((k)) (i) For distribution to the county arterial preservation account, hereby created in the motor vehicle fund an amount equal to 1.9565 percent. These funds shall be distributed by the county road administration board to counties in proportions corresponding to the number of paved arterial lane miles in the unincorporated area of each county and shall be used for improvements to sustain the structural, safety, and operational integrity of county arterials. The county road administra-



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tion board shall adopt reasonable rules and develop policies to implement this program and to assure that a pavement management system is used;

((#)) (j) For distribution to the rural arterial trust account in the motor vehicle fund an amount equal to 2.5363 percent and expended in accordance with RCW 36.79.020.

((#)) (3) 100 percent of the net tax amount collected under RCW 82.36.025(2) and 82.38.030(2) shall be distributed as follows:

(a) 4.3366 percent shall be distributed to cities and towns in accordance with RCW 46.68.110(6).

(b) 4.3366 percent shall be distributed to counties in accordance with RCW 46.68.120.

(c) 91.3268 percent shall be distributed to the motor vehicle account.

(4) 100 percent of the net tax amount collected under RCW 82.36.025(3) and 82.38.030(3) shall be distributed to the motor vehicle account.

(5) Nothing in this section or in RCW 46.68.130 may be construed so as to violate any terms or conditions contained in any highway construction bond issues now or hereafter authorized by statute and whose payment is by such statute pledged to be paid from any excise taxes on motor vehicle fuel and special fuels.

**Sec. 304.** RCW 46.68.110 and 1999 c 269 s 3 and 1999 c 94 s 9 are each reenacted and amended to read as follows:

Funds credited to the incorporated cities and towns of the state as set forth in RCW 46.68.090((1)(i)) shall be subject to deduction and distribution as follows:

(1) One and one-half percent of such sums distributed under RCW 46.68.090 (2)(g) and (3) shall be deducted monthly as such sums are credited and set aside for the use of the department of transportation for the supervision of work and expenditures of such incorporated cities and towns on the city and town streets thereof, including the supervision and administration of federal-aid programs for which the department of transportation has responsibility: PROVIDED, That any moneys so retained and not expended shall be credited in the succeeding biennium to the incorporated cities and towns in proportion to deductions herein made;

(2) Thirty-three one-hundredths of one percent of such funds distributed under RCW 46.68.090 (2)(g) and (3) shall be deducted monthly, as such funds accrue, and set aside for the use of the department of transportation for the purpose of funding the cities' share of the costs of highway jurisdiction studies and other studies. Any funds so retained and not expended shall be credited in the succeeding biennium to the cities in proportion to the deductions made;

(3) One percent of such funds distributed under RCW 46.68.090(2)(g) shall be deducted monthly, as such funds accrue, to be deposited in the urban arterial trust account, to implement the city hardship assistance program, as provided in RCW 47.26.164. However, any moneys so retained and not required to carry out the program as of July 1st of each odd-numbered year thereafter, shall be provided within sixty days to the treasurer and distributed in the manner prescribed in

subsection (5) of this section;

(4) After making the deductions under subsections (1) through (3) of this section and RCW 35.76.050, 31.86 percent of the fuel tax distributed to the cities and towns in RCW 46.68.090((1)(i)) (2)(g) shall be allocated monthly as the funds accrue to the incorporated cities and towns ((in the manner set forth in subsection (5) of this section and subject to deductions in subsections (1), (2), and (3) of this section, subject to RCW 35.76.050, to)) of the state ratably on the basis of the population as last determined by the office of financial management. Funds shall be used exclusively for: The construction, improvement, chip sealing, seal-coating, and repair for arterial highways and city streets as those terms are defined in RCW 46.04.030 and 46.04.120; the maintenance of arterial highways and city streets for those cities with a population of less than fifteen thousand; or the payment of any municipal indebtedness which may be incurred in the construction, improvement, chip sealing, seal-coating, and repair of arterial highways and city streets; ((and))

(5) The ((balance)) remaining ((to the credit of incorporated cities and towns after such deduction)) funds not distributed under subsection (4) of this section shall be apportioned monthly as such funds accrue among the ((several)) incorporated cities and towns within the state ratably on the basis of the population last determined by the office of financial management; and

(6) After making the deductions under subsections (1) and (2) of this section and RCW 35.76.050, one hundred percent of the funds distributed to the cities and towns in RCW 46.68.090(3)(a) shall be allocated monthly as such funds accrue to the incorporated cities and towns of the state with populations over ten thousand persons, ratably on the basis of population as last determined by the office of financial management.

**NEW SECTION. Sec. 305.** A new section is added to chapter 47.26 RCW to read as follows:

As part of the matching funds requirements under RCW 47.26.270, the transportation improvement board shall require a city or town receiving funds under RCW 46.68.110(6) to use a portion of these funds, as determined by the board by rule, for the purpose of matching a portion of the corridor grant money allocated to the city or town by the board under this chapter.

**Sec. 306.** RCW 82.38.035 and 2001 c 270 s 7 are each amended to read as follows:

(1) A licensed supplier shall remit tax on special fuel to the department as provided in RCW 82.38.030((2)) (4)(a). On a two-party exchange, or buy-sell agreement between two licensed suppliers, the receiving exchange partner or buyer shall remit the tax.

(2) A refiner shall remit tax to the department on special fuel removed from a refinery as provided in RCW 82.38.030((2)) (4)(b).

(3) An importer shall remit tax to the department on special fuel imported into this state as provided in RCW 82.38.030((2)) (4)(c).

(4) A blender shall remit tax to the department on the removal or sale of blended special fuel as provided in RCW 82.38.030((2)) (4)(e).

(5) A dyed special fuel user shall remit tax to the department on the use of dyed special fuel as provided in RCW 82.38.030((2)) (4)(f).



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**Sec. 307.** RCW 82.38.045 and 1998 c 176 s 54 are each amended to read as follows:

A terminal operator is jointly and severally liable for remitting the tax imposed under RCW 82.38.030(((+))) if, at the time of removal:

- (1) The position holder with respect to the special fuel is a person other than the terminal operator and is not a licensee;
- (2) The terminal operator is not a licensee;
- (3) The position holder has an expired internal revenue service notification certificate issued under chapter 26, C.F.R. Part 48; or
- (4) The terminal operator had reason to believe that information on the notification certificate was false.

**Sec. 308.** RCW 82.38.047 and 1998 c 176 s 55 are each amended to read as follows:

A terminal operator is jointly and severally liable for remitting the tax imposed under RCW 82.38.030(((+))) if, in connection with the removal of special fuel that is not dyed or marked in accordance with internal revenue service requirements, the terminal operator provides a person with a bill of lading, shipping paper, or similar document indicating that the special fuel is dyed or marked in accordance with internal revenue service requirements.

**Sec. 309.** RCW 82.38.075 and 1983 c 212 s 1 are each amended to read as follows:

In order to encourage the use of nonpolluting fuels, an annual license fee in lieu of the tax imposed by RCW 82.38.030 shall be imposed upon the use of natural gas as defined in this chapter or on liquified petroleum gas, commonly called propane, which is used in any motor vehicle, as defined in RCW 46.04.320, which shall be based upon the following schedule as adjusted by the formula set out below:

VEHICLE TONNAGE (GVW)	FEE
0 - 6,000	\$ 45
6,001 - 10,000	\$ 45
10,001 - 18,000	\$ 80
18,001 - 28,000	\$110
28,001 - 36,000	\$150
36,001 and above	\$250

To determine the actual annual license fee imposed by this section for a registration year, the appropriate dollar amount set out in the above schedule shall be multiplied by the ((motor vehicle)) special fuel tax rate in cents per gallon as established by RCW ((82.36.025)) 82.38.030 effective on July 1st of the preceding calendar year and the product thereof shall be divided by 12 cents.

The department of licensing, in addition to the foregoing fee, shall charge a further fee of five dollars as a handling charge for each license issued.

The director of licensing shall be authorized to prorate the vehicle tonnage fee so that the annual license required by this section will correspond with the staggered vehicle licensing system.

A decal or other identifying device issued upon payment of

these annual fees shall be displayed as prescribed by the department as authority to purchase this fuel.

Persons selling or dispensing natural gas or propane may not sell or dispense this fuel for their own use or the use of others into tanks of vehicles powered by this fuel which do not display a valid decal or other identifying device as provided in this section.

Vehicles registered in jurisdictions outside the state of Washington are exempt from this section.

Any person selling or dispensing natural gas or propane into the tank of a motor vehicle powered by this fuel, except as prescribed in this chapter, is subject to the penalty provisions of this chapter.

**Sec. 310.** RCW 46.09.170 and 1995 c 166 s 9 are each amended to read as follows:

(1) From time to time, but at least once each year, the state treasurer shall refund from the motor vehicle fund one percent of the motor vehicle fuel tax revenues collected under chapter 82.36 RCW, based on the tax rate in effect January 1, ((1999)) 2001, less proper deductions for refunds and costs of collection as provided in RCW 46.68.090. The treasurer shall place these funds in the general fund as follows:

(a) Forty percent shall be credited to the ORV and nonhighway vehicle account and administered by the department of natural resources solely for planning, maintenance, and management of ORV recreation facilities, nonhighway roads, and nonhighway road recreation facilities. The funds under this subsection shall be expended in accordance with the following limitations:

(i) Not more than five percent may be expended for information programs under this chapter;

(ii) Not less than ten percent and not more than fifty percent may be expended for ORV recreation facilities;

(iii) Not more than twenty-five percent may be expended for maintenance of nonhighway roads;

(iv) Not more than fifty percent may be expended for nonhighway road recreation facilities;

(v) Ten percent shall be transferred to the interagency committee for outdoor recreation for grants to law enforcement agencies in those counties where the department of natural resources maintains ORV facilities. This amount is in addition to those distributions made by the interagency committee for outdoor recreation under (d)(i) of this subsection;

(b) Three and one-half percent shall be credited to the ORV and nonhighway vehicle account and administered by the department of fish and wildlife solely for the acquisition, planning, development, maintenance, and management of nonhighway roads and recreation facilities;

(c) Two percent shall be credited to the ORV and nonhighway vehicle account and administered by the parks and recreation commission solely for the maintenance and management of ORV use areas and facilities; and

(d) Fifty-four and one-half percent, together with the funds received by the interagency committee for outdoor recreation under RCW 46.09.110, shall be credited to the nonhighway and off-road vehicle activities program account to be administered by the committee for planning, acquisition, development, maintenance, and management of ORV recreation facilities and nonhighway road recreation facilities; ORV user education and information; and ORV law enforcement programs. The expenditures in this subsection (1)(d) shall be calculated on the motor vehicle fuel tax in effect January 1, 1990, until this





## COMPLETE TEXT OF Referendum Bill 51 (cont.)

subsection (1)(d) is amended to reflect the findings of the recreational fuel use study provided in section 346, chapter 8, Laws of 2001 2nd sp. sess. The funds under this subsection shall be expended in accordance with the following limitations:

(i) Not more than twenty percent may be expended for ORV education, information, and law enforcement programs under this chapter;

(ii) Not less than an amount equal to the funds received by the interagency committee for outdoor recreation under RCW 46.09.110 and not more than sixty percent may be expended for ORV recreation facilities;

(iii) Not more than twenty percent may be expended for nonhighway road recreation facilities.

(2) On a yearly basis an agency may not, except as provided in RCW 46.09.110, expend more than ten percent of the funds it receives under this chapter for general administration expenses incurred in carrying out this chapter.

**Sec. 311.** RCW 46.10.170 and 1994 c 262 s 4 are each amended to read as follows:

From time to time, but at least once each four years, the department shall determine the amount of moneys paid to it as motor vehicle fuel tax that is tax on snowmobile fuel. Such determination shall use one hundred thirty-five gallons as the average yearly fuel usage per snowmobile, the number of registered snowmobiles during the calendar year under determination, and the fuel tax rate in effect January 1, ~~((1990))~~ 2001.

**Sec. 312.** RCW 79A.25.070 and 2000 c 11 s 73 are each amended to read as follows:

Upon expiration of the time limited by RCW 82.36.330 for claiming of refunds of tax on marine fuel, the state of Washington shall succeed to the right to such refunds. The director of licensing, after taking into account past and anticipated claims for refunds from and deposits to the marine fuel tax refund account and the costs of carrying out the provisions of RCW 79A.25.030, shall request the state treasurer to transfer monthly from the marine fuel tax refund account an amount equal to the proportion of the moneys in the account representing the motor vehicle fuel tax rate under RCW 82.36.025 in effect on January 1, ~~((1990))~~ 2001, to the recreation resource account and the remainder to the motor vehicle fund.

### PART IV - SALES AND USE TAXES

**Sec. 401.** RCW 82.08.020 and 2000 2nd sp.s. c 4 s 1 are each amended to read as follows:

(1) There is levied and there shall be collected a tax on each retail sale in this state equal to six and five-tenths percent of the selling price.

(2) There is levied and there shall be collected an additional tax on each retail car rental, regardless of whether the vehicle is licensed in this state, equal to five and nine-tenths percent of the selling price. The revenue collected under this subsection shall be deposited in the multimodal transportation account created in RCW 47.66.070.

(3) Beginning April 1, 2003, there is levied and collected an additional tax of one percent of the selling price on each retail sale of a motor vehicle in this state, other than retail car rentals

taxed under subsection (2) of this section.

(4) For purposes of subsection (3) of this section, "motor vehicle" has the meaning provided in RCW 46.04.320, but does not include farm tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181, off-road and nonhighway vehicles as defined in RCW 46.09.020, and snowmobiles as defined in RCW 46.10.010.

(5) The revenue collected under subsection (3) of this section must be deposited into the multimodal transportation account under RCW 47.66.070.

(6) The taxes imposed under this chapter shall apply to successive retail sales of the same property.

~~((4))~~ (7) The rates provided in this section apply to taxes imposed under chapter 82.12 RCW as provided in RCW 82.12.020.

**Sec. 402.** RCW 82.12.020 and 1999 c 358 s 9 are each amended to read as follows:

(1) There is hereby levied and there shall be collected from every person in this state a tax or excise for the privilege of using within this state as a consumer: (a) Any article of tangible personal property purchased at retail, or acquired by lease, gift, repossession, or bailment, or extracted or produced or manufactured by the person so using the same, or otherwise furnished to a person engaged in any business taxable under RCW 82.04.280 (2) or (7); or (b) any canned software, regardless of the method of delivery, but excluding canned software that is either provided free of charge or is provided for temporary use in viewing information, or both.

(2) This tax shall apply to the use of every service defined as a retail sale in RCW 82.04.050(3)(a) and the use of every article of tangible personal property, including property acquired at a casual or isolated sale, and including byproducts used by the manufacturer thereof, except as hereinafter provided, irrespective of whether the article or similar articles are manufactured or are available for purchase within this state.

(3) Except as provided in RCW 82.12.0252, payment by one purchaser or user of tangible personal property or service of the tax imposed by chapter 82.08 or 82.12 RCW shall not have the effect of exempting any other purchaser or user of the same property or service from the taxes imposed by such chapters.

(4) The tax shall be levied and collected in an amount equal to the value of the article used by the taxpayer multiplied by the rates in effect for the retail sales tax under RCW 82.08.020.

**Sec. 403.** RCW 82.12.045 and 1996 c 149 s 19 are each amended to read as follows:

(1) In the collection of the use tax on motor vehicles, the department of revenue may designate the county auditors of the several counties of the state as its collecting agents. Upon such designation, it shall be the duty of each county auditor to collect the tax at the time an applicant applies for the registration of, and transfer of title to, the motor vehicle, except in the following instances:

(a) Where the applicant exhibits a dealer's report of sale showing that the retail sales tax has been collected by the dealer;

(b) Where the application is for the renewal of registration;

(c) Where the applicant presents a written statement signed by the department of revenue, or its duly authorized agent showing that no use tax is legally due; or

(d) Where the applicant presents satisfactory evidence showing that the retail sales tax or the use tax has been paid by



## COMPLETE TEXT OF Referendum Bill 51 (cont.)

((him)) the applicant on the vehicle in question.

(2) The term "motor vehicle," as used in this section means and includes all motor vehicles, trailers and semitrailers used, or of a type designed primarily to be used, upon the public streets and highways, for the convenience or pleasure of the owner, or for the conveyance, for hire or otherwise, of persons or property, including fixed loads, facilities for human habitation, and vehicles carrying exempt licenses.

(3) It shall be the duty of every applicant for registration and transfer of certificate of title who is subject to payment of tax under this section to declare upon ((his)) the application the value of the vehicle for which application is made, which shall consist of the consideration paid or contracted to be paid therefor.

(4) Each county auditor who acts as agent of the department of revenue shall at the time of remitting license fee receipts on motor vehicles subject to the provisions of this section pay over and account to the state treasurer for all use tax revenue collected under this section, after first deducting as ((his)) a collection fee the sum of two dollars for each motor vehicle upon which the tax has been collected. All revenue received by the state treasurer under this section shall be credited to the general fund. The auditor's collection fee shall be deposited in the county current expense fund. A duplicate of the county auditor's transmittal report to the state treasurer shall be forwarded forthwith to the department of revenue.

(5) Any applicant who has paid use tax to a county auditor under this section may apply to the department of revenue for refund thereof if he or she has reason to believe that such tax was not legally due and owing. No refund shall be allowed unless application therefor is received by the department of revenue within the statutory period for assessment of taxes, penalties, or interest prescribed by RCW 82.32.050(3). Upon receipt of an application for refund the department of revenue shall consider the same and issue its order either granting or denying it and if refund is denied the taxpayer shall have the right of appeal as provided in RCW 82.32.170, 82.32.180 and 82.32.190.

(6) The provisions of this section shall be construed as cumulative of other methods prescribed in chapters 82.04 to 82.32 RCW, inclusive, for the collection of the tax imposed by this chapter. The department of revenue shall have power to promulgate such rules as may be necessary to administer the provisions of this section. Any duties required by this section to be performed by the county auditor may be performed by the director of licensing but no collection fee shall be deductible by said director in remitting use tax revenue to the state treasurer.

(7) The use tax revenue collected on the rate provided in RCW 82.08.020(3) will be deposited in the multimodal transportation account under RCW 47.66.070.

**NEW SECTION. Sec. 404.** A new section is added to chapter 43.135 RCW to read as follows:

A transfer from the general fund to the multimodal transportation account under section 405 of this act for taxes collected under chapters 82.08 and 82.12 RCW on new construction projects within the improvement program in RCW 47.05.030(2), does not require a corresponding lowering of the state expen-

diture limit to reflect this shift for purposes of RCW 43.135.035(4).

**NEW SECTION. Sec. 405.** A new section is added to chapter 82.32 RCW to read as follows:

(1) Effective for taxes collected in fiscal year 2006, the tax imposed and collected under chapters 82.08 and 82.12 RCW, less any credits allowed under chapter 82.14 RCW, on construction projects within the improvement program in RCW 47.05.030(2), except for those projects related to safety and environmental retrofit, shall be transferred from the general fund to the multimodal transportation account once each year as described by subsection (3) of this section.

(2) This transaction is exempt from the requirements in RCW 43.135.035(4).

(3) Government entities conducting construction projects within the improvement program in RCW 47.05.030(2), except for those projects related to safety and environmental retrofit, shall report to the department by August 1st of each year the amount of state sales or use tax attributable to the projects identified in this section from the previous fiscal year for purposes of transfer to the multimodal transportation account. The department shall notify the state treasurer of the amount of the transfer by September 30th of each year.

### PART V - BOND AUTHORIZATION

**NEW SECTION. Sec. 501.** In order to provide funds necessary for the location, design, right of way, and construction of selected state and local highway improvements, there shall be issued and sold upon the request of the transportation commission a total of four billion five hundred million dollars of general obligation bonds of the state of Washington.

**NEW SECTION. Sec. 502.** Upon the request of the transportation commission, as appropriate, the state finance committee shall supervise and provide for the issuance, sale, and retirement of the bonds authorized by RCW 46.68.090 in accordance with chapter 39.42 RCW. Bonds authorized by this act shall be sold in the manner, at time or times, in amounts, and at the price as the state finance committee shall determine. No bonds may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

The state finance committee shall consider the issuance of short-term obligations in lieu of long-term obligations for the purposes of more favorable interest rates, lower total interest costs, and increased marketability and for the purpose of retiring the bonds during the life of the project for which they were issued.

**NEW SECTION. Sec. 503.** The proceeds from the sale of bonds authorized by section 501 of this act shall be deposited in the motor vehicle fund. The proceeds shall be available only for the purposes enumerated in section 501 of this act, for the payment of bond anticipation notes, if any, and for the payment of bond issuance costs, including the costs of underwriting.

**NEW SECTION. Sec. 504.** Bonds issued under the authority of section 501 of this act shall distinctly state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay such principal and interest as the same shall become due. The principal and interest on the bonds shall



## COMPLETE TEXT OF Referendum Bill 51 (cont.)

be first payable from the proceeds of the state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW. Proceeds of these excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the authority of sections 501 through 506 of this act, and the legislature agrees to continue to impose these excise taxes on motor vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the authority of section 501 of this act.

**NEW SECTION. Sec. 505.** Both principal and interest on the bonds issued for the purposes of section 501 of this act shall be payable from the highway bond retirement fund. The state finance committee may provide that a special account be created in the fund to facilitate payment of the principal and interest. The state finance committee shall, on or before June 30th of each year, certify to the state treasurer the amount required for principal and interest on the bonds in accordance with the bond proceedings. The state treasurer shall withdraw revenues from the motor vehicle fund and deposit in the highway bond retirement fund, or a special account in the fund, such amounts, and at such times, as are required by the bond proceedings.

Any funds required for bond retirement or interest on the bonds authorized by section 501 of this act shall be taken from that portion of the motor vehicle fund that results from the imposition of excise taxes on motor vehicle and special fuels and which is, or may be, appropriated to the department of transportation for state highway purposes. Funds required shall never constitute a charge against any other allocations of motor vehicle fuel and special fuel tax revenues to the state, counties, cities, and towns unless the amount arising from excise taxes on motor vehicle and special fuels distributed to the state in the motor vehicle fund proves insufficient to meet the requirements for bond retirement or interest on any such bonds.

Any payments for bond retirement or interest on the bonds taken from other revenues from the motor vehicle fuel or special fuel taxes that are distributable to the state, counties, cities, and towns shall be repaid from the first revenues from the motor vehicle fuel or special fuel taxes distributed to the motor vehicle fund not required for bond retirement or interest on the bonds.

**NEW SECTION. Sec. 506.** Bonds issued under the authority of section 501 of this act and this section and any other general obligation bonds of the state of Washington that have been or that may be authorized and that pledge motor vehicle and special fuels excise taxes for the payment of principal and interest thereon shall be an equal charge against the revenues from such motor vehicle and special fuels excise taxes.

**NEW SECTION. Sec. 507.** For the purpose of providing funds for the planning, design, construction, reconstruction, and other necessary costs for transportation projects, including rail and passenger-only ferry projects, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of one hundred million dollars, or as much thereof as may be required, to finance these projects

and all costs incidental thereto. Bonds authorized in this section may be sold at such price as the state finance committee shall determine. No bonds authorized in this section may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

**NEW SECTION. Sec. 508.** The proceeds of the sale of the bonds authorized in section 507 of this act must be deposited in the multimodal transportation account and must be used exclusively for the purposes specified in section 507 of this act and for the payment of expenses incurred in the issuance and sale of the bonds.

**NEW SECTION. Sec. 509.** (1) The nondebt-limit reimbursable bond retirement account must be used for the payment of the principal and interest on the bonds authorized in section 507 of this act.

(2)(a) The state finance committee must, on or before June 30th of each year, certify to the state treasurer the amount needed in the ensuing twelve months to meet the bond retirement and interest requirements on the bonds authorized in section 507 of this act.

(b) On or before the date on which any interest or principal and interest is due, the state treasurer shall transfer from the multimodal transportation account for deposit into the nondebt-limit reimbursable bond retirement account the amount computed in (a) of this subsection for bonds issued for the purposes of section 507 of this act.

(3) If the multimodal transportation account has insufficient revenues to pay the principal and interest computed in subsection (2)(a) of this section, then the debt-limit reimbursable bond retirement account must be used for the payment of the principal and interest on the bonds authorized in section 507 of this act from any additional means provided by the legislature.

(4) If at any time the multimodal transportation account has insufficient revenues to repay the bonds, the legislature may provide additional means for the payment of the bonds.

**NEW SECTION. Sec. 510.** (1) Bonds issued under section 507 of this act must state that they are a general obligation of the state of Washington, must pledge the full faith and credit of the state to the payment of the principal and interest, and must contain an unconditional promise to pay the principal and interest as it becomes due.

(2) The owner and holder of each of the bonds or the trustee for the owner and holder of any of the bonds may by mandamus or other appropriate proceeding require the transfer and payment of funds as directed in this section.

**NEW SECTION. Sec. 511.** The legislature may provide additional means for raising moneys for the payment of the principal and interest on the bonds authorized in section 507 of this act, and sections 509 and 510 of this act are not deemed to provide an exclusive method for their payment.

**NEW SECTION. Sec. 512.** The bonds authorized in section 507 of this act are a legal investment for all state funds or funds under state control and for all funds of any other public body.

**Sec. 513.** RCW 39.42.060 and 2001 2nd sp.s. c 9 s 18 are each amended to read as follows:

No bonds, notes, or other evidences of indebtedness for borrowed money shall be issued by the state which will cause



## COMPLETE TEXT OF Referendum Bill 51 (cont.)

the aggregate debt contracted by the state to exceed that amount for which payments of principal and interest in any fiscal year would require the state to expend more than seven percent of the arithmetic mean of its general state revenues, as defined in section 1(c) of Article VIII of the Washington state Constitution for the three immediately preceding fiscal years as certified by the treasurer in accordance with RCW 39.42.070. It shall be the duty of the state finance committee to compute annually the amount required to pay principal of and interest on outstanding debt. In making such computation, the state finance committee shall include all borrowed money represented by bonds, notes, or other evidences of indebtedness which are secured by the full faith and credit of the state or are required to be paid, directly or indirectly, from general state revenues and which are incurred by the state, any department, authority, public corporation or quasi public corporation of the state, any state university or college, or any other public agency created by the state but not by counties, cities, towns, school districts, or other municipal corporations, and shall include debt incurred pursuant to section 3 of Article VIII of the Washington state Constitution, but shall exclude the following:

(1) Obligations for the payment of current expenses of state government;

(2) Indebtedness incurred pursuant to RCW 39.42.080 or 39.42.090;

(3) Principal of and interest on bond anticipation notes;

(4) Any indebtedness which has been refunded;

(5) Financing contracts entered into under chapter 39.94 RCW;

(6) Indebtedness authorized or incurred before July 1, 1993, pursuant to statute which requires that the state treasury be reimbursed, in the amount of the principal of and the interest on such indebtedness, from money other than general state revenues or from the special excise tax imposed pursuant to chapter 67.40 RCW;

(7) Indebtedness authorized and incurred after July 1, 1993, pursuant to statute that requires that the state treasury be reimbursed, in the amount of the principal of and the interest on such indebtedness, from (a) moneys outside the state treasury, except higher education operating fees, (b) higher education building fees, (c) indirect costs recovered from federal grants and contracts, and (d) fees and charges associated with hospitals operated or managed by institutions of higher education;

(8) Any agreement, promissory note, or other instrument entered into by the state finance committee under RCW 39.42.030 in connection with its acquisition of bond insurance, letters of credit, or other credit support instruments for the purpose of guaranteeing the payment or enhancing the marketability, or both, of any state bonds, notes, or other evidence of indebtedness;

(9) Indebtedness incurred for the purposes identified in RCW 43.99N.020;

(10) Indebtedness incurred for the purposes of the school district bond guaranty established by chapter 39.98 RCW;

(11) Indebtedness incurred for the purposes of replacing the waterproof membrane over the east plaza garage and revis-

ing related landscaping construction pursuant to RCW 43.99Q.070; ((and))

(12) Indebtedness incurred for the purposes of the state legislative building rehabilitation, to the extent that principal and interest payments of such indebtedness are paid from the capitol building construction account pursuant to RCW 43.99Q.140(2)(b); and

(13) Indebtedness incurred for the purposes of financing projects under section 507 of this act.

To the extent necessary because of the constitutional or statutory debt limitation, priorities with respect to the issuance or guaranteeing of bonds, notes, or other evidences of indebtedness by the state shall be determined by the state finance committee.

**NEW SECTION. Sec. 514.** Sections 501 through 512 of this act are each added to chapter 47.10 RCW.

### PART VI - REFERENDUM

**NEW SECTION. Sec. 601.** (1) The secretary of state shall submit this act, except for sections 102 through 120 of this act, to the people for their adoption and ratification, or rejection, at the next general election to be held in this state, in accordance with Article II, section 1 of the state Constitution and the laws adopted to facilitate its operation.

(2) If the people ratify this act as specified under subsection (1) of this section, revenues generated shall be spent as detailed in Senate Bill No. 6347, as enacted by the legislature.

(3) Pursuant to RCW 29.79.035, the statement of subject on the ballot title shall read: "The legislature has passed House Bill No. 2969, financing transportation improvements through transportation fees and taxes." The concise description on the ballot title shall read: "This bill would improve highway capacity, public transportation, passenger and freight rail, and transportation financing accountability through increased weight fees on trucks and large vehicles, fuel excise taxes, and sales taxes on vehicles."

**NEW SECTION. Sec. 602.** If this act is not ratified by the voters by November 15, 2002, this act is null and void in its entirety, including sections 102 through 120 of this act.

**NEW SECTION. Sec. 603.** Section 601 of this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

### PART VII - MISCELLANEOUS

**NEW SECTION. Sec. 701.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

**NEW SECTION. Sec. 702.** Part headings used in this act do not constitute any part of the law.

**NEW SECTION. Sec. 703.** If this act is ratified by the voters as specified in section 601 of this act, this act, except sections 401, 402, and 601 of this act, takes effect December 30, 2002.

**NEW SECTION. Sec. 704.** This act is null and void if a transportation expenditure bill based on the revenue provided in this act does not become law by December 31, 2002.

**NEW SECTION. Sec. 705.** Sections 401 and 402 of this act take effect April 1, 2003.



## COMPLETE TEXT OF House Joint Resolution 4220

BE IT RESOLVED, BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE STATE OF WASHINGTON, IN LEGISLATIVE SESSION ASSEMBLED:

THAT, At the next general election to be held in this state the secretary of state shall submit to the qualified voters of the state for their approval and ratification, or rejection, an amendment to Article VII, section 2 of the Constitution of the state of Washington to read as follows:

Article VII, section 2. Except as hereinafter provided and notwithstanding any other provision of this Constitution, the aggregate of all tax levies upon real and personal property by the state and all taxing districts now existing or hereafter created, shall not in any year exceed one percent of the true and fair value of such property in money: *Provided, however,* That nothing herein shall prevent levies at the rates now provided by law by or for any port or public utility district. The term "taxing district" for the purposes of this section shall mean any political subdivision, municipal corporation, district, or other governmental agency authorized by law to levy, or have levied for it, ad valorem taxes on property, other than a port or public utility district. Such aggregate limitation or any specific limitation imposed by law in conformity therewith may be exceeded only as follows:

(a) By any taxing district when specifically authorized so to do by a majority of at least three-fifths of the voters of the taxing district voting on the proposition to levy such additional tax submitted not more than twelve months prior to the date on which the proposed levy is to be made and not oftener than twice in such twelve month period, either at a special election or at the regular election of such taxing district, at which election the number of voters voting "yes" on the proposition shall constitute three-fifths of a number equal to forty percent of the total number of voters voting in such taxing district at the last preceding general election when the number of voters voting on the proposition does not exceed forty percent of the total number of voters voting in such taxing district in the last preceding general election; or by a majority of at least three-fifths of the voters of the taxing district voting on the proposition to levy when the number of voters voting on the proposition exceeds forty percent of the number of voters voting in such taxing district in the last preceding general election: *Provided,* That notwithstanding any other provision of this Constitution, any proposition pursuant to this subsection to levy additional tax for the support of the common schools or fire protection districts may provide such support for a period of up to four years and any proposition to levy an additional tax to support the construction, modernization, or remodelling of school facilities or fire facilities may provide such support for a period not exceeding six years;

(b) By any taxing district otherwise authorized by law to issue general obligation bonds for capital purposes, for the sole purpose of making the required payments of principal and interest on general obligation bonds issued solely for capital purposes, other than the replacement of equipment,

when authorized so to do by majority of at least three-fifths of the voters of the taxing district voting on the proposition to issue such bonds and to pay the principal and interest thereon by annual tax levies in excess of the limitation herein provided during the term of such bonds, submitted not oftener than twice in any calendar year, at an election held in the manner provided by law for bond elections in such taxing district, at which election the total number of voters voting on the proposition shall constitute not less than forty percent of the total number of voters voting in such taxing district at the last preceding general election: *Provided,* That any such taxing district shall have the right by vote of its governing body to refund any general obligation bonds of said district issued for capital purposes only, and to provide for the interest thereon and amortization thereof by annual levies in excess of the tax limitation provided for herein, *And provided further,* That the provisions of this section shall also be subject to the limitations contained in Article VIII, Section 6, of this Constitution;

(c) By the state or any taxing district for the purpose of preventing the impairment of the obligation of a contract when ordered so to do by a court of last resort.

BE IT FURTHER RESOLVED, That the secretary of state shall cause notice of this constitutional amendment to be published at least four times during the four weeks next preceding the election in every legal newspaper in the state.

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### PLEASE NOTE

In the text of the measures, any language in double parentheses with a line through it is existing state law and will be taken out of the law if the measure is approved by voters. Any underlined language does not appear in current state law but will be added to the law if the measure is approved by voters.